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DEVELOPMENT OF AGRICULTURE'S HUMAN RESOURCES

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

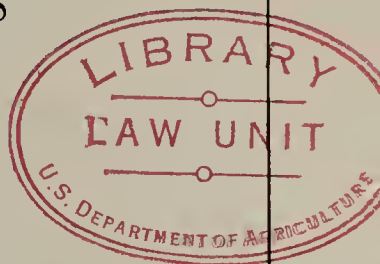
RELATIVE TO THE

DEVELOPMENT OF AGRICULTURE'S HUMAN RESOURCES—
A REPORT ON PROBLEMS OF LOW-INCOME FARMERS



APRIL 27, 1955.—Referred to the Committee on Agriculture and ordered
to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE



LETTER OF TRANSMITTAL

To the Congress of the United States:

In this wealthiest of nations, where per capita income is the highest in the world, more than one-fourth of the families who live on American farms still have cash incomes of less than \$1,000 a year. They neither share fully in our economic and social progress nor contribute as much as they would like and can contribute to the Nation's production of goods and services.

This human problem is inadequately pictured by charts and figures. Curtailed opportunity begets an economic and social chain reaction which creates unjustified disparity in individual reward. Participation diminishes in community, religious, and civic affairs. Enterprise and hope give way to inertia and apathy. Through this process all of us suffer. This problem calls for understanding and for action.

We must open wider the doors of opportunity to our million and a half farm families with extremely low incomes—for their own well-being and for the good of our country and all our people.

Recommendations to achieve this end have been made to me by the Secretary of Agriculture. I transmit them to you, with my general approval, for your consideration.

The Secretary's recommendations for starting the program are based on the accompanying report, prepared for him by the Department of Agriculture, entitled "Development of Agriculture's Human Resources—a Report on Problems of Low-Income Farmers." This report, more than a year in preparation, emphasizes the long-range nature of the low-income problem in agriculture and will serve to stimulate continuing study and action. Nevertheless, an immediate start is extremely important.

The essential cooperative nature of the undertaking is clear. The recommended program is cooperative as regards individual and group action, as regards private and public agencies, and as regards agencies at local, State, and Federal levels.

The Secretary's 15-point program recognizes that this is not exclusively an agricultural problem but that opportunities for off-farm employment are a part of the solution. Recommendations emphasize the voluntary approach, the importance of working with young people, and the desirability of broadening the program as experience is gained. In all matters, the urgency of the problem is recognized. The proposed program, however, is one of prudence as well as zeal.

A many-sided attack is essential. We need an integrated program in which each part contributes to the whole. Each will be more effective if the others are adopted. Together, they will help toward a solution within the framework of freedom for the individual, respect for his rights as an American citizen, and opportunity to participate more fully in the economic life of our Nation.

Proposals for enabling legislation and the necessary appropriations shortly will be presented to the Congress for consideration.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, April 26, 1955.

LETTERS OF SUBMITTAL

DEPARTMENT OF AGRICULTURE,
Washington, April 26, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: In compliance with your request in your special congressional message on agriculture last year, I have given particular attention to the problems of farm people with low incomes. The report which accompanies this letter is addressed to that subject.

The problem is more basic than low incomes expressed in dollars; the fact that it embodies human values—the lives and welfare of people and of families—gives rise to the title of the report, “Development of Agriculture’s Human Resources.”

The report has been prepared by the Department of Agriculture, with the cooperation of many organizations, groups, and individuals both within and outside of Government. The study brings into bold relief the stubborn fact that large numbers of farm people with small farms have shared unequally in our country’s economic and social progress.

Many of these people wish to increase their contribution to the Nation’s production of goods and services, and thereby improve their own levels of living. Helping them to accomplish this objective will not only improve the well-being of those directly concerned, but will also add to the Nation’s strength. Prudence as well as sympathy should impel us to strengthen our activity in this area.

Price-support programs are of little help to most of these people. Production per farm is so low that only a few dollars can be added to incomes by price supports.

Problems of low income in agriculture, and efforts to alleviate these problems, are not of recent origin. Over the years, many effective methods have been developed for increasing the productivity and raising the incomes of these farm people. Among these methods are new educational techniques, supervised credit, vocational training, and the providing of employment information.

Much has been accomplished in this field during the past several years. Social security was extended last year to more than 5 million farmers and hired farm workers. Research work has been increased. The farm-unit approach, as an educational method, has been expanded and adapted to the special circumstances of farm people with low incomes. Opportunities for off-farm employment have been improved by the providing of employment information. Health services have been improved. Educational opportunities have been broadened. But these programs have not been fully coordinated, and operations have been on an insufficient scale.

The broad objectives of the report are clear—to help farm people with low gross incomes achieve the goals to which they themselves aspire.

The program recommended in the report is long range in nature. Parts of the program are new; other parts have been operating, though not fully developed, for a number of years. Many other methods and operating procedures not reflected in the report will be generated as work progresses.

Clearly, a broad, aggressive, well-coordinated assault is urgently needed. New measures must be launched; established activities must be strengthened. To achieve maximum success, all elements of American life in rural areas must participate in the program. Civic and business leadership, farm organizations, schools, churches, community and service clubs, local, State, and Federal governmental agencies, must all assist in a long-sustained, comprehensive attack on the problems of low-income farm families.

After careful consideration of the problems and conclusions presented in the report, I recommend the launching of pilot operations in not less than 50 of the 1,000 low-income counties during the coming fiscal year. In addition, community development programs can be undertaken. Thus practical experience can be gained in a limited number of areas, and those elements of the program which proved most successful can be utilized as the program is broadened. In the pilot operations, efforts will be made to develop the best practical program of action, having in mind the people, the resources, and the whole range of opportunities. Real progress can be made only through emphasis on matching local plans and efforts with both the individual needs and the actual resources available for individual improvement. The program would comprise the following elements, the proper balance among them to be determined by the special circumstances of each area:

1. Expand and adapt agricultural extension work to meet the needs of low-income farmers and part-time farmers.
2. Develop needed research in farm and home management, human nutrition, population, marketing, and in evaluating experience gained by the pilot program.
3. Provide additional credit for low-income farmers, and extend Farmers' Home Administration services to part-time farmers.
4. Increase technical assistance, such as provided by the Soil Conservation Service, to low-income farmers.
5. Request the Department of Health, Education, and Welfare to encourage the States to expand vocational training in rural areas of low income, instituting as many as 12 pilot operations during the school term starting in the fall of 1955 in order to gain experience needed for broad expansion of this extremely vital part of the total program.
6. Request the Department of Labor to strengthen the Employment Service in rural areas and further to adapt it to the needs of rural people. Areas of rural underemployment should be identified and included as part of the labor-market services to make occupational adjustments easier.
7. Undertake to get more effective programs developed to induce the expansion of industry in rural low-income areas, using facilities of the Departments of Labor and Commerce and the Office of Defense Mobilization.
8. Call upon the State agricultural colleges to make substantial research and extension contributions to a cooperative venture,

employing in part the increased Federal funds already included in the 1956 budget request.

9. Aggressively encourage farm, business, and other leadership to assume local responsibility and to unite in efforts to aid in the development of agriculture's human resources, using trade area and community development programs to increase incomes of farmers and raise living standards. Expansion of these self-help programs should be assisted by the various governmental agencies concerned.

Certain actions by the Congress will be needed in order that this program may be effectively launched:

10. Farmers' Home Administration should be authorized to make loans to part-time farmers.

11. Legislation should be enacted which would concentrate special funds outside the present agricultural extension formula for the purpose of conducting pilot programs and extending assistance to low-income farmers.

12. Appropriation requests are being recommended for your consideration in addition to those in the regular budget for fiscal 1956, to initiate work proposed in this report involving extension, research, soil conservation, farm loans, and related services.

13. Lending authority of about \$30 million should be provided for the Farmers Home Administration. Draft legislation and budget estimates relating to these recommendations have been prepared.

Certain administrative arrangements will also be required:

14. The Secretary of Agriculture should coordinate the administration of the total program. A principal official of the Department should be designated to assume the direct administration of the program. Moreover, two coordinating committees will be needed:

A. An interdepartmental committee; and

B. A committee within the Department of Agriculture to coordinate the work of its participating agencies.

15. The Secretary of Agriculture should be required, in September of each year beginning 1956, to submit a comprehensive report to the President on the progress of activities directed toward alleviating the problems of low-income farmers and on plans for advancing the program, thus regularly focusing attention on the program and fixing responsibility for its administration.

LONG-RANGE PLANS

The program outlined for the coming year must be expanded as experience is gained; the above recommendations are but a logical first step toward implementing the far broader program delineated in the report. The desirable rate of expansion and the emphasis to be given to various segments of the program in subsequent years will stand more clearly revealed as the program herein proposed evolves.

ABOUT THE REPORT

The accompanying report has been in preparation for more than a year. It draws on information supplied by farmers and by the major farm organizations. State agricultural experiment stations and other research institutions contributed substantially. The judgment and counsel of practically all recognized authorities in this field were made available. Organized labor, business, and religious groups were consulted as well as agricultural groups.

Information and guidance were furnished by the Departments of Agriculture; Defense; Commerce; Health, Education, and Welfare; Labor; the Farm Credit Administration; and the Veterans' Administration. Congressional reports and publications were also of valuable assistance. Of special value was the experienced judgment of men in local communities, in State agencies, and in the Department of Agriculture, who for many years have dealt at first hand with these problems.

The study was a cooperative undertaking. Task forces, heading up in the Department of Agriculture but with personnel from all the above-named executive agencies, prepared background material. The National Agricultural Advisory Commission provided facilities for review. Substantial agreement was reached by all participating groups on the recommendations contained in the report.

The report, which I herewith forward as a report of this Department, is intended as a general guide and study document rather than as a blueprint. I am convinced that the report both reveals an awareness of the magnitude and complexity of the serious problems of low-income farmers and provides a basis for increased hope and confidence on the part of those millions of citizens of our country.

Sincerely yours,

E. T. BENSON, *Secretary*.

Development of Agriculture's Human Resources

A Report
on Problems
of Low-Income
Farmers

*Prepared for
The Secretary of Agriculture*

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THE PRESIDENT,
THE WHITE HOUSE.

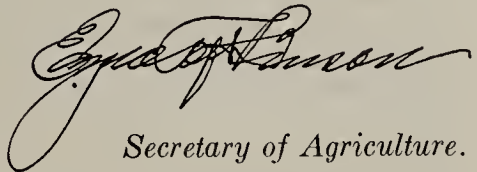
DEAR Mr. PRESIDENT: As you requested in your Special Message on Agriculture of January 11, 1954, attention has been given to the problems peculiar to farmers with low incomes. A study has been in progress now for more than a year. Results of the study are presented in this Report, which was prepared by the Department of Agriculture.

This Report draws on information supplied by the major farm organizations. Factual findings of the State agricultural experiment stations and other research institutions were supplied. The judgment and counsel of practically all recognized authorities in this field were made available to us. Organized groups from labor, business, and the churches were consulted. Resources were drawn from the Departments of Agriculture; Defense; Commerce; Health, Education, and Welfare; and Labor, as well as from the Veterans' Administration and the Farm Credit Administration. Congressional reports and publications were used. We leaned heavily on the experiences of men in the local communities, in the State agencies, and in the Department of Agriculture who have dealt at first hand with these problems for many years.

The study was a cooperative one. The National Agricultural Advisory Commission provided a setting for the review. Substantial agreement was reached by all participating groups regarding recommendations contained in the Report.

I am transmitting to you, separately, my specific recommendations regarding the launching, during this year, of the long-range program outlined in the Report.

Respectfully yours,



Ezra C. Benson

Secretary of Agriculture.

PREFACE

THIS study has been focused on farm people—their needs, their goals and the obstacles they encounter. The principal cause of concentrations of farm people with low earnings has been found to be the inadequate agricultural resources in certain areas rather than any lack in the people themselves.

Proposed solutions of the problem of low income might be based on ideas about the merits of rural as contrasted with urban life. Solutions might be strongly influenced by an opinion as to the size of farm deemed desirable from the standpoint of the national interest. Instead, the hopes of the people themselves have been taken as a guide. Proposed solutions are those which the people most concerned have chosen, as shown by their economic and social behavior. Recommendations are of such a nature as to speed the adjustments which have proved sound over a long period of years.

This study, therefore, sets up no goals other than those voluntarily chosen by the people. The basic philosophy is that people will make wise decisions if they are informed regarding their various opportunities and if their capabilities are enhanced so as to increase the number of choices available to them. Insofar as individuals make wise decisions the national welfare will be advanced.

Special attention has been focused on the young people in the belief that they stand to gain most from a program which will increase the number of opportunities, the awareness of them, and capacities to take advantage of them.

The study emphasizes that the foundation for programs to increase opportunities available to low-income people is the interest and enterprise of local people and communities. But cooperative effort by local communities, private enterprises and the State and Federal Governments can make possible much more rapid improvements in levels of living of low-income families.

The approaches must be broadly formulated. An important part of the solution to the problems of farmers with low earnings lies outside commercial agriculture. Part-time farming and nonfarm employment have long been important avenues through which many farm people have improved their incomes and living levels. Both currently and prospectively, changes in agriculture take the form of the continued movement of many farm people into nonfarm occupations.

While this report is comprehensive, it does not concern itself with all phases of low-income problems in agriculture. For example, it does not cover problems of migratory agricultural workers. Consideration is being given to these problems by the President's Interdepartmental Committee on Migratory Workers.

This report was prepared for the Secretary of Agriculture under his broad authorization, by representatives of various agencies of the United States Department of Agriculture. Numerous task forces were used to develop various sections of the study. These had the active help and cooperation of other departments of the Government. Suggestions were invited from interested groups and organizations from all across the Nation.

Development of Agriculture's Human Resources

SUMMARY AND RECOMMENDATIONS

One of the important farm problems in this country is the development of human resources in agriculture. Farm families with low earnings make up more than a fourth of all the farm families. In the United States, in 1950 there were roughly 5.4 million farm operator families in all. Out of these, about 1.5 million had cash incomes under \$1,000 (table 1). Most of these families are on small farms.

President Eisenhower, in submitting his recommendations for a new program to the Congress in January 1954, stated that the Secretary of Agriculture in cooperation with the National Agricultural Advisory Commission would "give further special attention to the problems peculiar to small farmers."

In line with this directive, a review has been made of this problem. This report has been prepared for the Secretary of Agriculture by the United States Department of Agriculture. The purpose is to improve programs already in operation, develop others which are feasible, and suggest further proposals which the Congress may consider.

The procedure has been to review such programs as are in effect in each key area and develop suggestions to improve them. Task forces have been set up, drawn from various government departments and private groups. These have studied various aspects of the problem as will be indicated in this report.

The approach to this problem is here regarded as primarily educational and developmental. There appear to be some direct aids in the way of credit, improved opportunities for off-farm employment, and the like, which can be offered. But it is considered that what-

TABLE 1—*Number of farm operator families with specific characteristics, classified by net family incomes, United States, 1950*¹

Type of farm family	Total	Net cash family income from all sources	
		Under \$2, 000	Under \$1, 000
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
All farm operator families-----	5, 379	2, 849	1, 513
Farm operator families on small farms ² -----	3, 287	2, 145	1, 269
Farm operator families on small farms with heads under 65.	2, 680	1, 691	943
Families with operator working off-farm 100 days or more.	1, 091	404	156
Families with operator working off-farm less than 100 days.	1, 589	1, 287	787

¹ Derived from "Farms and Farm People," A Special Cooperative Report, U. S. Department of Commerce and U. S. Department of Agriculture, June, 1953.

² Farms where the gross sales of farm products were less than \$2,500 in 1949.

ever is done must be done within the American philosophy that each individual make his own decisions and set his own goals. Government has responsibility in keeping open the channels of opportunity.

Obviously, this must be a long-range program.

Some improvements have been going on. Some farmers have enlarged and improved their farm operations. Others have found off-farm jobs. Numbers of small, low-income farms have declined (fig. 1). These trends need to be stepped up. The proportion of our farm families on small, low-income farms remains large.

It may be stated as a broad premise that most of the large group of farmers on low-income farms have not shared much in the great advance of agricultural techniques. Many such farms are too small to fit the mechanized farming of the present day. Some of the soils are unproductive. Some of the farmers are old or incapacitated. On the other hand, the large numbers of able-bodied men and women in this group present a challenge to official and private agencies to point the way, if possible, to better incomes and living.

There are nearly a thousand counties in the United States where more than half of the farmers are mainly dependent on the income from small, poorly paying farms. What they are up against, in innumerable cases, is lack of enough good land, lack of equipment, lack of credit facilities, and often lack of the management information and skill which might open wider opportunity to them. In other cases, part- or full-time off-farm employment may be their best opportunity. With better information, training, sometimes credit, sometimes job opportunities off the farm, they can achieve a reasonably good living. They can thereby contribute a larger part to the community and national welfare.

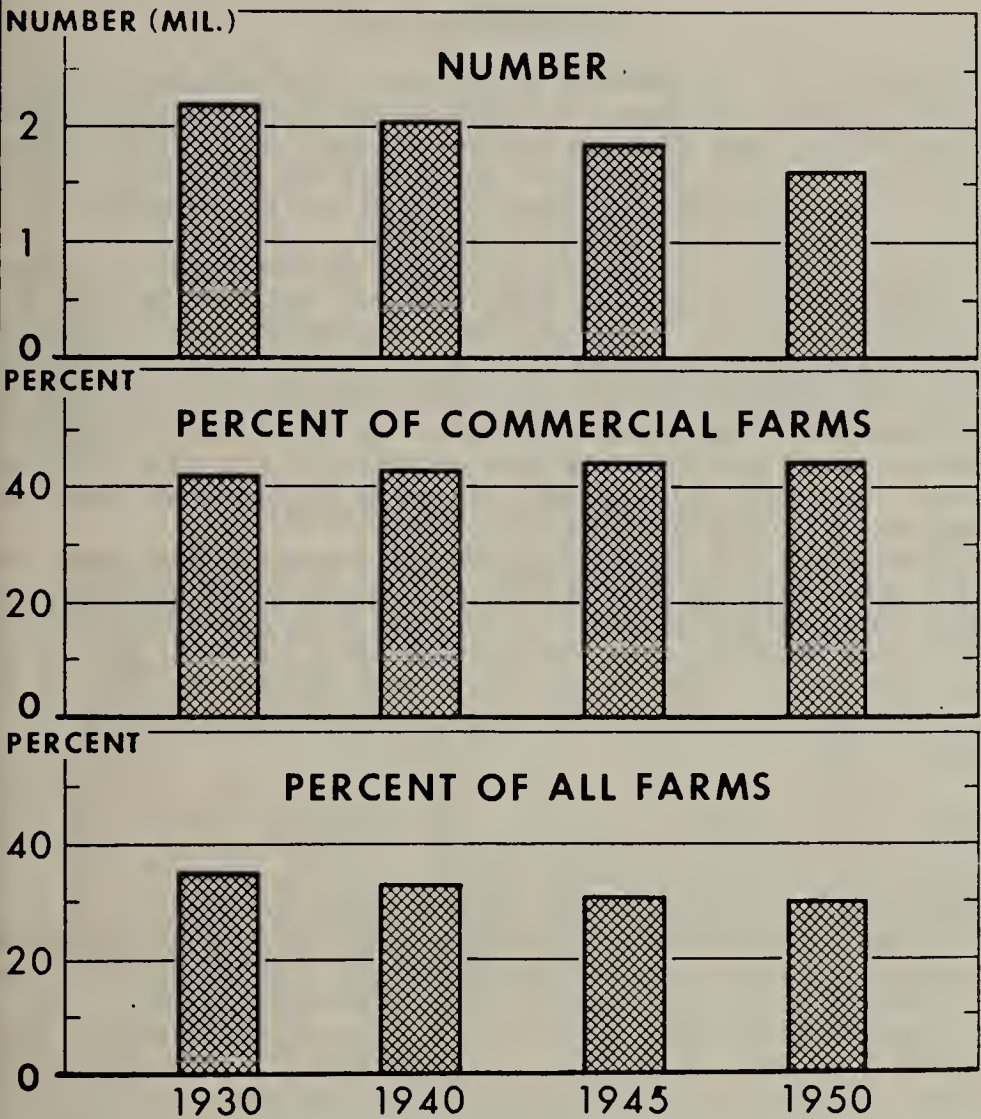
Any substantial reorganization in the areas of limited opportunity is bound to be a long-term process. The job is a large one and is to be undertaken with a sense of persistent effort and of necessary continuity.

As an example, the Mississippi Agricultural Experiment Station recently estimated that the efficient reshaping of farm resources in the Mississippi uplands would mean larger farms and probably double the amount of capital. It also would involve a 60-percent reduction in the number of farm workers. Such changes would take time. The challenge is how to permit the speeding up of solutions already under way by education and by the practical application of credit, employment services, and other facilities which may be brought to bear by official or private agencies.

Of course, the changes in these low-income areas are tied to broader changes which are at work so widely in the whole American economy. The shift from an agricultural to an industrial society has brought a vast demand for industrial workers, and at the same time mechanization has lessened the need for as many workers as formerly on the farms. There has been a considerable movement from farms to urban industry. As output per farm worker goes on increasing, still fewer hands will be needed in agriculture for some time to come, which means a further movement from farm to town, especially from the low-income areas.

Even if our number of farmers were to remain stable during this 1950-60 decade, the mathematical fact is that a fourth of farm-reared

SMALL COMMERCIAL FARMS* **1930-50**



* COMMERCIAL FARMS WITH SALES OF \$250-\$2,500 IN 1950 ADJUSTED TO 1950 LEVELS OF PRICES RECEIVED BY FARMERS AND OUTPUT PER WORKER. U. S. DEPT. AGR., AGR. INF. BULL. 108, 1953.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 54(12) 552 AGRICULTURAL RESEARCH SERVICE

FIGURE 1.

young men would have to be working off farms. In low-income areas this proportion may be a third to a half.

But a technological revolution is taking place on our farms and the hours of labor needed to supply our food needs is decreasing. Perhaps half of our farm youth will desire full- or part-time, off-farm employment during this present decade.

THE APPROACHES

Obviously the greatest need on the low-income farms is the opportunity for greater earnings. In attaining this goal more educational, developmental, and other services are needed. It is these services which may do most to improve the outlook for the coming generation—a consideration of importance when the long-time nature of this problem and its solution is understood.

One part of the problem centers around the older people or those partially incapacitated. For these, probably little practical aid can be given outside the range of welfare and social security services. The recent legislation broadening the coverage of social security will apply very helpfully in this field. In 1950 there were more than 300,000 aged operators on farms with incomes of less than \$1,000. In some cases a son or relative helps out with the work or care on these places. But the number of cases as a whole are numerous enough to constitute a moving humanitarian problem.

With respect to the younger, able-bodied farmers in these areas, the chances for enlarging their earnings seem to lie in two general directions: First, by way of more capital, more land, better management and better information on crops and livestock; second, by way of more off-farm job opportunity. Vocational training and other informational and educational aids will help them either in farming or in nonfarm jobs.

The principal changes in these areas will be made by the young people, many of whom have not yet completed their education. It is important that these young people have opportunities for vocational training for both agricultural and nonagricultural pursuits. A sound program must be aimed to help them to help themselves.

Increased Productivity in Agriculture.—Farm technological developments make possible larger farms, improved production practices, and new systems of farming in several of the low-income areas.

Programs for increasing productivity in commercial farming in low-income farm areas must differ from educational programs in other areas. Efforts to improve productivity in commercial farming must be carried out hand in hand with efforts to broaden opportunities for nonfarm employment. Educational approaches must be adapted to reach people with little formal school training and small financial reserves. Technical assistance and advisory programs must be integrated with credit programs necessary to finance adoption of improved practices.

Improved Prospects in Part-Time Farming and Nonfarm Jobs.—Opportunities of this type need to be expanded. Important in this are developments to increase industrialization, part-time farming, nonfarm employment opportunities, and economic mobility.

Expanded and improved information services on job opportunities locally and outside the area should be made available. Measures should be taken to bring low-income farm areas into full consideration in industrial expansion. Services should be made available to assist low-income farmers in determining the merits of part-time farming, both as a more or less permanent activity and as a transitional step to full-time farm or nonfarm work.

Increased Opportunities for Training.—The long-term outlook for improved living in these areas depends largely on the young people now growing up there. Yet only a small percentage have a high school education, and vocational training is seldom within easy access. This limited education and training is a handicap to making the adjustments needed for improving living standards in the areas.

Defense Resources.—The Nation will be strengthened, both for peacetime and defense production, if the problems of low-income farmers are met. Improved education and technical skills, especially in low-income areas, are in the national interest. Need for improved health facilities and better diets is shown by the number of young men not suitable for military service. The move to decentralize industry and locate it in areas of abundant rural labor can be important in defense strategy and will bring supplemental income to families on small farms.

GENERAL RECOMMENDATIONS

1. Federal and State services together should develop and expand technical assistance and extension work with low-income and part-time farmers. During 1955 experimental programs should be launched in a number of counties to gain experience in new approaches.

2. Private as well as cooperative lending agencies should be encouraged to adopt lending policies which would extend more intermediate-term credit to worthy borrowers who are developing their farms.

3. More Farmers Home Administration funds should be made available for intermediate credit to supplement private and cooperative sources. These loans, supported by management guidance and technical services, would assist low-income farmers to become soundly established in a successful system of farming.

4. A State-Federal research program should be undertaken to canvass the problems of such areas and explore approaches. This would give a factual picture of the needs with respect to farming adjustments, local opportunities for off-farm work, improved vocational training and related aspects in community improvement.

5. State and regional meetings should be held by land-grant colleges, credit agencies, and other groups in cooperation with the U. S. Department of Agriculture with the objective of developing programs adapted to local needs.

6. State employment services should improve their services to facilitate employment in farm and off-farm jobs in low-income rural areas.

7. Areas of rural underemployment should be identified and included as part of the labor market services to make occupational adjustments easier.

8. The Department of Agriculture should work with the Office of Defense Mobilization and other agencies on the program of dispersing defense industries, with a view to setting up criteria whereby regions with underemployed rural labor can be recognized as sources of labor supply.

9. Steps should be taken to develop more educational and vocational training opportunities needed by farm families with restricted economic opportunities. Revised formulas for grants in aid for vocational education should be considered. All possible ways of improving educational programs and of making them more readily available to farm people should be explored. Special attention should be given to factors that motivate farm people and to developing greater individual and family interest in getting a better education.

10. The Department of Agriculture and the Department of Health, Education, and Welfare should encourage and appropriately assist States and communities to set up experimental vocational training programs as pilot studies in typical low-income areas. These programs should be designed to increase the individual opportunities to prepare for farm and off-farm employment.

11. The Department of Agriculture and State colleges of agriculture should encourage farm leaders to take part in the State conferences on education that are now being developed in connection with the White House Conference on Education scheduled for November 1955.

12. Inclusion of farmers under the social security program beginning in 1955 was an important step aimed at giving more family security, especially for low-income farmers. Steps should be taken to see that all rural people know how to qualify under the program, and how to use the social security payments to get maximum benefits.

13. Improved health should be promoted. Some of the most urgent needs are better nutrition, development and use of voluntary health insurance, recruitment of medical personnel (especially nurses), promotion and establishment of clinics and other facilities.

14. Trade area programs and community development programs have been effective in increasing incomes and raising living standards. Farm, business, and other leadership should assume local responsibility and unite in efforts to develop agriculture's human resources.

These and other steps are discussed in the sections that follow.

THE MAJOR PROBLEM AREAS

Farms with low income are found in all parts of the country, but such farms are most numerous in areas of dense rural settlement with high birth rates, where there are few outside jobs, and where topography or other obstacles hinder the use of modern machinery. In some places the land is overcrowded, so to speak. The abundance of hand labor has tended to reduce the incentive for making adjustments which would give the farms higher earning power per worker.

Problem areas are shown on the map (fig. 2). Of course the nature of specific problems and the range of possible adjustments vary greatly among and within these generalized areas.

LOW INCOME AND LEVEL OF LIVING AREAS IN AGRICULTURE

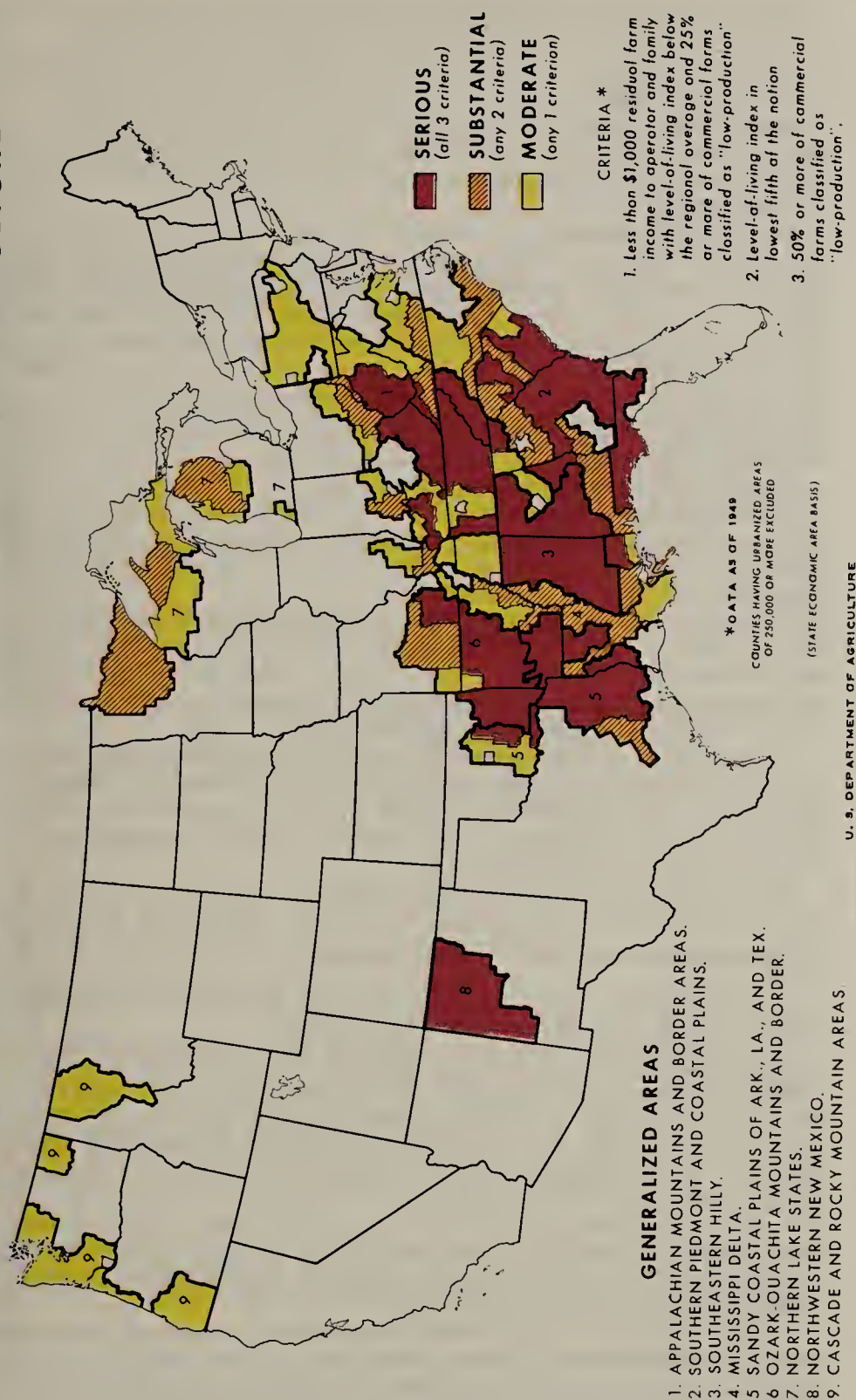


FIGURE 2.

These areas were set up on the basis of three criteria: Net income of full-time farmers, level of living, and size of operation.¹ Thus, areas with incomes under \$1,000, or having a level of living in the lowest fifth of the Nation, or having 50 percent or more of the commercial farms classed as low production, were selected for study. The area colored red on the map shows where all three of these criteria applied and represents those parts of the country where the problem is most serious.

These problem areas, so-called, strikingly contrast with the rest of the United States. Within these areas in 1950 there were a million full-time farmers of working age who sold less than \$2,500 worth of products (table 2). Out of this gross sum they had to pay expenses and rent as well as family living. They represented about 40 percent of all the farms in these areas. Another 40 percent also sold less than \$2,500 of products but were primarily nonfarmers or were more than 65 years old. Less than a fifth of the farms in these areas produced and sold \$2,500 worth of products.

In the rest of the country three-fifths of the farmers sold \$2,500 worth of products or more. Another fifth were engaged in off-farm work or were more than 65 years old. Only a fifth, roughly half a million, were of working age, running farms full time, and selling less than \$2,500 worth of products.

Education among farmers from the low-income areas is below average (table 3). In the problem areas they average only 7 years of school completed and only 1 out of 10 is a high school graduate. By contrast, other farmers in the Nation average 8½ years of school and 1 out of every 4 is a high school graduate.

The farmers in the problem areas average somewhat older than outside—although 85 percent of them are under 65 years of age. They also differ from other regions in racial composition, one-fourth being nonwhite. Elsewhere the nonwhite farm population is only one-seventeenth of the total.

In the problem areas the investment in land and buildings is only about one-third that elsewhere (table 4). Cropland averages only 40 acres, compared with 120 acres outside these areas. Studies in-

¹ The criteria by which each State economic area in the Low-Income and Level-of-Living Areas was delineated are as follows:

1. A residual farm income to operator and family labor in 1949 of less than \$1,000 provided the State economic area had a level of living index below the average for the region and had 25 percent or more of its commercial farms classified as "low production." Residual farm income to operator and family labor represents the income (including value of home use) above operating expenses and a return to capital invested in land and machinery. See Strand, E. G., Heady, E. O. and Seagraves, James, "Productivity Levels in the United States," USDA, ARS, Tech. Bul. (in process).

2. A level of living index in the lowest fifth of the Nation. Items in the index include (1) percentage of farms with electricity, (2) percentage of farms with telephones, (3) percentage of farms with automobiles, and (4) average value of products sold. See "Farm Operator Families Level of Living Indexes," by Hagood, M. J., USDA, BAE, 1952.

3. "Low production" farms comprising 50 percent or more of the commercial farms. Low-production farms are those with sales of \$250-\$2,499 with the operator not working off farm as much as 100 days and farm sales exceeding family income from other sources. See "Low Production Farms," Agri. Inf. Bul. 108, by McElveen, J. V., and Bachman, K. L., USDA, BAE, 1953.

TABLE 2—*Number of farms by farm sales and by age and major occupation of farm operators, generalized problem areas contrasted with the remainder of the United States, 1950*

Type of farm	Generalized problem areas	Remainder of the United States
	<i>Thousands</i>	<i>Thousands</i>
All farms.....	2, 474	2, 905
Farms with a value of products sold of under \$2,500.....	2, 059	1, 228
Operator over 65 or engaged primarily in nonfarm work.....	1, 076	847
Operator under 65 and engaged primarily in agriculture ¹	² 983	381

¹ Excludes operators 65 years of age and older and those working off-farm 100 days or more. Excludes, also, 225,000 farms on which the operator did not work off-farm as much as 100 days but had other income exceeding sales of farm products. These were included with operators engaged primarily in nonfarm work. It was presumed that most of these would not be classified as low-income farm families.

² The number of these farms by value-of-product groups is as follows:

\$1,200 to \$2,499.....	344, 000
\$250 to \$1,199.....	419, 000
Under \$250.....	220, 000

On farms with under \$250 sales, age and days of off-farm work were the only criteria applied.

TABLE 3—*Percentage of the rural farm population 25 years of age and over completing specified educational levels, 1950 ¹*

Years of schooling	Generalized problem areas				Remainder of the United States
	Total	Serious	Substantial	Moderate	
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Less than 8 years completed.....	54. 8	59. 3	60. 0	44. 6	27. 4
Completing 8 years but not high school.....	33. 4	31. 0	29. 8	39. 6	46. 2
Completing high school or more.....	11. 8	9. 7	10. 2	15. 8	26. 4
Total.....	100. 0	100. 0	100. 0	100. 0	100. 0

¹ Special tabulations from United States Census.

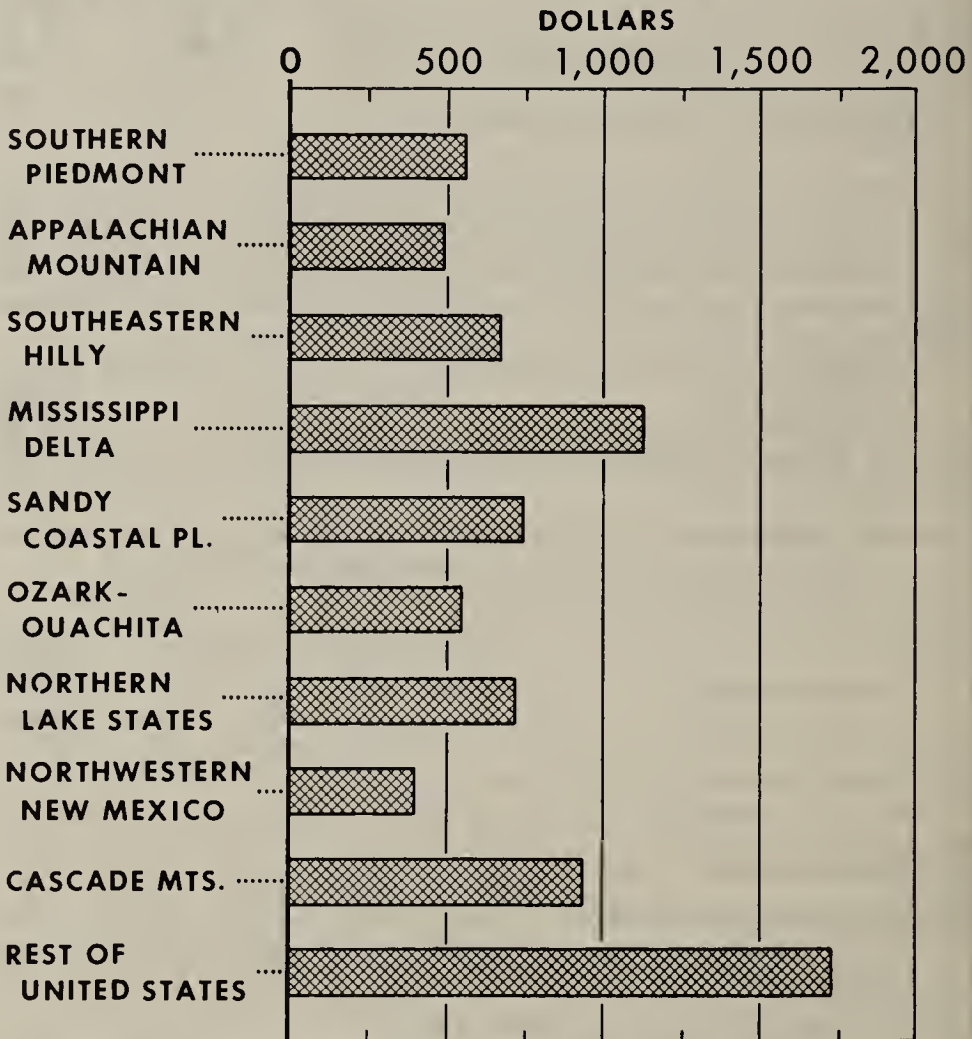
indicate that net incomes are less than half those in the rest of the country (fig. 3).

Although most farmers in the problem areas are owners, these areas include 80 percent of the sharecroppers in the country. Sharecroppers are most numerous in the Mississippi Delta and to a lesser extent in the Piedmont and Coastal Plains.

Farms in these areas are little mechanized, relatively. Only a third of them reported tractors in 1949. By contrast, three-fourths of the commercial farms in the rest of the country reported one or more tractors.

AVERAGE NET INCOME OF COMMERCIAL FARMERS*

Selected Type-of-Farming Areas and Rest of United States, 1949



*RESIDUAL INCOME FOR OPERATOR AND FAMILY LABOR AFTER DEDUCTING CASH EXPENSES, DEPRECIATION, AND INTEREST ON INVESTMENT.

U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 3.

TABLE 4—*Specified characteristics, generalized problem areas compared with the remainder of the United States, 1950*

Item	Generalized problem areas				Remainder of United States
	Total	Serious	Substantial	Moderate	
Rural farm population					
thousands...	11, 037	5, 084	2, 740	3, 233	12, 011
Percent of United States					
total.....percent...	48	22	12	14	52
Nonwhite farm population					
percent...	24	26	34	13	6
Commercial farms ¹					
thousands...	1, 402	543	399	459	2, 305
Percent of United States					
total.....percent...	38	15	11	12	62
Farms with incomes between \$250 and \$2,500.....percent...	71	81	71	59	27
Average per commercial farm:					
Land in farms.....acres...	138	155	118	135	359
Cropland harvested...do....	41	37	40	46	118
Value of land and buildings					
dollars...	7, 762	6, 429	7, 026	9, 670	23, 798
Value of farm products sold					
dollars...	2, 747	2, 111	2, 789	3, 461	7, 751
Percentage of commercial farms:					
Owners, part owners, and managers.....percent...	63	63	53	72	73
All tenants.....do....	37	37	46	28	27
Croppers.....do....	16	14	25	10	2
Reporting a tractor...do....	34	25	30	49	74

¹ Commercial farms are those having sales of \$1,200 or more and in addition, farms with sales of \$250 to \$1,199 with the operator working off-farm less than 100 days and having farm sales exceeding income from other sources.

The three major soil groups found in the problem areas are: (1) The Red and Yellow Podzolic soils which dominate the southeastern United States; (2) the Grey-Brown Podzolic soils of the Appalachian and Northeast; and (3) the alluvial soils along the Mississippi River. Technological advances have recently raised the agricultural potential of these soils, especially the Red and Yellow Podzolic soils.

The serious low-income areas, colored red on the map, merit separate mention. In these areas production, income, and level of living all fall below minimum standards. Except for the area in northwestern New Mexico, these areas lie entirely within the South and Border South. They encompass the old Cotton Belt, with the exception of the fertile Mississippi Delta and sections that have switched to tobacco or peanuts or which are near large industrial centers. They also encompass most of the Appalachian and Ozark Mountains and plateaus.

The "serious" areas are mainly rural. They have a total population of 13½ million but there is not a single city within them of as much as 150,000 people. Movement away from farms is heavy but families

are large and the number of young people coming along is larger than can live well in the present area economy.

In the "serious" areas are 1,100,000 farms. (See table 5.) Nine-tenths of them had farm sales of less than \$2,500. Half of these farmers were dependent largely on their farm income and were under 65 years of age.

The value of land and buildings is less than \$5,000, on the average. In 1950 only a fourth of all farms in the "serious" areas had tractors. Many farms are too small to use such machinery effectively. Although there are some good soils, much of the land is hilly or eroded or of low fertility.

TABLE 5.—*Number of farms and percentage of specified types with less than \$2,500 gross sales of farm products, generalized problem areas compared with the remainder of the United States, 1950*

Area	All farms	Farms with less than \$2,500 gross sales		
		Total number	With operators of working age and primarily dependent upon farming	With operators over 65 or dependent on other income
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Generalized problem areas-----	2, 474	2, 059	983	1, 076
Serious-----	1, 105	999	488	511
Substantial-----	619	502	259	244
Moderate-----	750	557	236	321
Appalachian-----	719	610	250	360
Southern Piedmont and Coastal Plains-----	604	493	244	249
Southeastern Hilly-----	389	349	202	147
Mississippi Delta-----	210	161	110	51
Sandy Coastal Plains of Arkansas, Louisiana, and Texas-----	186	159	67	92
Ozark-Ouachita Mountains and border-----	185	158	70	88
Northern Lake States-----	103	72	29	43
Northwestern New Mexico-----	9	8	3	4
Cascade and Rocky Mountain areas-----	69	49	10	39
Remainder of the United States-----	2, 905	1, 228	381	847

GENERALIZED PROBLEM AREAS

Area 1—APPALACHIAN MOUNTAINS, VALLEYS, AND PLATEAUS

Largely mountainous country and broken plateaus. Good tillable land is scanty but the farm population is large. Until recent years large parts of the area have been rather isolated. Burley and dark

tobacco farms are the most common commercial types, but the average tobacco allotment is very small. Livestock farms are a close second in number, followed by general farming.

Industrial jobs are spotted in the area but have been good in parts of the Tennessee and Ohio River Valleys. The decline of the coal industry, especially in the Cumberland Plateau, has seriously cut the off-farm income for many small farmers.

Migration of people out of this area has been heavy since 1940. However, farm families are large, with more children than could be absorbed in agriculture even if the size of total farm population remained steady.

Area 2—SOUTHERN PIEDMONT AND COASTAL PLAINS

This large area extends from central Virginia to southeastern Louisiana, with two divisions, the Piedmont and Coastal Plain. The Piedmont is rolling or hilly; most of its soils have been abused and are naturally low in plant nutrients but respond to soil and water conservation practices. The Coastal Plain is much more level. Its upper portions are similar in soil type to the Piedmont, but the lower portions are mostly poorly drained sand and muck soils.

Cotton and flue-cured tobacco are the major crops. Peanuts dominate in smaller sections. In the last 30 years tobacco production has expanded while cotton has shrunk. The farm population is nearly 40 percent nonwhite.

Major sections of the Piedmont have offered industrial employment, especially in textiles; but this has not been true of the Coastal Plain, except in the port areas.

Area 3—SOUTHEASTERN HILLY AREA

This represents largely the coastal plain west of the Appalachians and east of the Mississippi River. Topography ranges from prairie to low hills. Soil conditions are similar to those in interior portions of area 2. Cotton is the major source of cash income on three-fourths of the farms.

Average value of land and buildings was only \$4,500 in 1950, lower than in any other area. About four-fifths of all commercial farms are in the low-production category. Off-farm work has been hardly worth noting until recent years. Forty percent of the farm population is nonwhite. Nearly half of the commercial farmers are tenants.

Area 4—MISSISSIPPI DELTA

Farm income in the flood plain of the Mississippi averages more than \$1,000, highest of the problem areas. But levels of living are commonly low and more than half the farms are in the low-production category.

This area is different in that it is well endowed with fertile soil, not subject to erosion. The crops grown, cotton, rice, and sugar cane, are raised under plantation type of operation, 40 percent of the land being in multiple-unit operations. Seventy percent of all farmers are tenants, with 40 percent sharecroppers. Part-time and residential farming are much less important here than in other areas.

The pull of employment elsewhere plus the use of laborsaving machinery in cotton production have resulted in a steady decline in number of sharecropper families, and have changed the status of others. Average education of farm adults is only 5.5 years, lower than in any other area.

Area 5—SOUTHWESTERN SANDY COASTAL PLAIN

The soils of the westernmost part of the old Cotton Belt were long devoted to cotton and corn, but produce those crops poorly in comparison with other areas. Since 1930 much of the land has been taken out of cultivation and livestock has assumed major importance. The farm population has declined very rapidly. More than half of all farms in the area are now residential or part-time. Mechanization has been slow except in central Oklahoma.

Some of the land is being reforested and lumber products are important. Petroleum is also important. Other industries are largely lacking. Thirty percent of the farm population is nonwhite.

Area 6—OZARK-OUACHITA MOUNTAINS AND BORDER

This highlands area has many physical and population characteristics of the Appalachian country. Its cash crop has been cotton, however, instead of tobacco. Less than half the land is in farms and only a fraction of that is cropland. The great majority of farmers are owners.

Dairy, livestock, and poultry have become of increasing importance, especially in the northern portion, but nearly half the farms are residential or part-time and more than seven-tenths of the rest are small scale commercial. Migration away from the area has been heavy.

Area 7—NORTHERN LAKE STATES

This territory was settled mainly as a lumbering and mining area. With the gradual exhaustion of the timber after 1900, and with the decline of certain mining areas, farming developed. But the soils are shallow and infertile, the season is short, and distance to markets is a problem. About half the farms are low in production. Dairying is the most common type of farming. Through some abandonment of farming, rural zoning, resort development, and reforestation conditions have improved.

Area 8—NORTHWESTERN NEW MEXICO

This is a dry and mountainous country through which runs the Continental Divide. Most of the farms are in the upper Rio Grande Valley east of the divide and on the Indian reservations to the west. Only a third of the farms produce enough to be called commercial farms. Most of the rest are residential farms, but many of these are run by young and middle-aged men who have less than 100 days of off-farm work in a year. The land here is little different from other parts of the Southwest.

Most of the farm people, especially in the Rio Grande Valley, are poorly educated, farming small irrigated acreages for home use. The

majority of them speak Spanish. The remainder are largely Indian, many of whom are illiterate and do not speak English. More than 90 percent own their own land. Families are large. Health conditions are poor.

Area 9—CASCADE AND NORTHERN ROCKY MOUNTAINS

This embraces most of the land west of the Cascade Mountains in Oregon and Washington, plus northernmost portions of the Rocky Mountains in Washington and Montana. Most of the land is in forest or has been cut over. Most of the low-income families are on poor soil and adverse terrain.

Nearly a fourth of these farmers are 65 years old, or older, a higher proportion than in any other area. Only a fourth are under 45 years of age, a very low proportion. Educational levels are good, higher than the national average. Nearly half the farms are part-time or residential.

Though farm income averages less than \$1,000, fewer than half the commercial farms are low-production farms. Dairying is the principal enterprise in the Cascade areas, while cattle ranches are the most common type in the Rockies. In the western portion of the area, nonfarm population growth and industrial development have been heavy since 1940.

RESEARCH AND EXTENSION

In the past, research and extension activities have not reached many of these low-income people effectively (table 6). One reason has been lack of appeal to low-income farmers of the generalized type of services commonly provided. Another has been that solutions for this problem are peculiarly dependent upon an integrated attack

TABLE 6—*Percentage of farmers who had adopted certain recommended practices by value of gross sales, Washington County, Ky., 1950*¹

Practice	Annual value of crops and products sold			
	Under \$1,000	\$1,000–\$2,499	\$2,500–\$3,999	\$4,000 or more
	Percent	Percent	Percent	Percent
Artificial breeding.....	3	7	21	33
Ladino clover.....	9	16	36	56
Kentucky 31 fescue.....	12	16	33	55
Calf vaccination.....	16	20	38	48
Bluestone-lime.....	35	56	78	76
Tobacco fertilization (1,000 pounds per acre or more).....	55	58	75	76
Soil testing.....	9	14	35	48

¹ For each practice, the percentages are based on the number of farmers having the enterprise to which the practice applies.

Source: "Communication and the Adoption of Recommended Farm Practices," Ky. Agri. Expt. Sta., Progress Report 22, November 1954.

upon all the facets of the problem: that is, those aspects which are concerned with nonfarm employment, credit and financial management, industrial jobs, and vocational training.

Taken in conjunction with appropriate moves along the foregoing lines, it is believed that the recommendations to expand extension services, technical assistance, and research activities would help solve the low-income problem.

EXTENSION AND TECHNICAL ASSISTANCE—PRESENT SITUATION

Extension services and technical assistance in production, conservation, and home management are available in most low-income counties. These services have helped many individuals in these areas. Low-income people have, however, frequently made less use of these facilities than farmers who have more productive businesses, who are generally more receptive to new ideas, and whose incomes permit them to undertake additional investment or some measure of experimentation (table 7). For the most part, extension personnel are fully employed in meeting the requests of those who seek assistance.

The use of extension services by low-income farmers has grown in recent years. Several States have greatly improved their programs in many counties in these areas. Much attention and thought have been given to better approaches but workers and funds have been lacking for a broad, vigorous program of the type required to work effectively with these farmers. Further development and expansion of these extension programs is needed.

During the past year Federal funds for extension have been increased by about 20 percent. Most of this increase (85 percent) is being used in the counties to explore or expand farm and home planning activities. This has permitted new work in many of the low-income counties. But available local funds are not plentiful in many counties having

TABLE 7.—*Percentage of farmers who reported use of selected channels of farming information, by value of gross sales, Washington County, Ky., 1950*

Channel of communication	Annual value of crops and products sold			
	Under \$1,000 (N=77) ¹	\$1,000–\$2,499 (N=164)	\$2,500–\$3,999 (N=81)	\$4,000 or more (N=64)
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Agricultural agency representatives-----	27	46	81	88
Farm meetings-----	9	26	46	64
Farm bulletins-----	20	36	65	78
Circular letters from county agent-----	56	70	93	92

¹ N=Number of farmers in each group.

Source: "Communication and the Adoption of Recommended Farm Practices," Ky. Agri. Expt. Sta., Progress Report 22, November 1954.

numerous low-income farms and this has seriously limited the services available to these farmers.

Soil and water conservation districts have been organized in all low-income areas. Data from the Soil Conservation Service indicate that for the country as a whole, the distribution of assistance by size of farms corresponds to farm size distributions reported by the census of 1950.

EXTENSION AND TECHNICAL ASSISTANCE— RECOMMENDATIONS

1. Special funds should be provided to set up during the next year or so pilot technical assistance and extension programs in a sufficient number of counties in each low-income area to cover the range of different conditions. Special attention should be given to needs of the young people. In these pilot organizations, consideration should be given to: Setting up county and community committees with a broad base of participation; assembling materials for analysis or planning through cooperative efforts by all agencies concerned; using farm and home management specialist teams to work with individual farmers; exploring methods of working with farm people of limited opportunities; and developing community programs and goals.

2. In the pilot programs additional qualified personnel should be employed for farm and home planning and on-site technical assistance. Personnel should also be able to introduce such changes in methods as may be needed to reach the people involved. Planning should include development of efficient marketing and buying channels.

3. Over the longer term, additional county and community development committees should be organized in all areas where there are significant numbers of low-income farms. These committees should include not only farmers but also representatives of public and private credit agencies, local businesses, employment services, conservation agencies, and extension, vocational, and other educational services. Such committees could help develop local action to increase farm and home efficiency and productivity.

4. In the appropriation of special Federal funds for extension activities to help solve problems of low-income farm people, it is recommended that the basis of allocation recognize: (a) The numbers of low-income farms, and (b) the aggregate income base of each State. A part of the funds might be set up so they could be allocated directly to the States for special projects. —

5. It is suggested that the Department of Agriculture take the initiative in bringing about State and regional conferences of leaders in agricultural education, technical assistance, credit, and research. The purpose of such a conference would be to discuss the closely inter-related interests in these fields in the problems of improving the productivity and incomes of farms in the low-income areas.

SUGGESTED APPROACHES IN PILOT COUNTIES

County and community program development committees should be set up to consider the total problem of the area and what can be done about it. These activities would include evaluating alterna-

tives in community development, considering farm enterprises to be encouraged, and setting up a program for special assistance to individual families in developing their own farms.

Any agricultural program in this field must be an integral part of the overall development program for the community or county. It should be an integrated approach. This will mean enlistment of services relating to nonfarm employment, vocational training and guidance, as well as technical services in agricultural conservation and development.

Based upon the preliminary work in a county a special program could be organized to work intensively with interested families who have opportunities to enlarge their farm incomes.

This kind of assistance is intended to help develop a well-balanced farm business, to help plan a wise use of income for living, and to help meet the problem of financing changes. Personal aid is required in helping families think through and work out plans in line with their own resources and values. Also required is an expansion of credit and technical services provided by State and Federal agricultural services and private enterprise.

Regular extension services should also be strengthened in these areas. In counties where additional personnel are being placed, it should be possible to work intensively on farm and home planning activities with at least 50 families a year individually, and perhaps more on a group basis. Advances made by families which have received special help will be noted and followed by other families.

To start with, some work might be done with families on specific problems which affect the farm as a whole. The procedure would be to budget particular changes which affect costs and returns, not only with respect to the specific item, but also as to effects on other parts of the farm business. What a family learns in this way about how to budget and make decisions can be applied to any problem that comes along.

Most of such work would be done with small groups of families who enroll for a series of meetings. This approach would encourage discussion among individuals on problems they have in common, and give opportunity for each family to work on a rather complete program for its own farm. Visits by the group could be made to some of the farms. Followup arrangements would help carry out their plans.

This individualized approach to farm planning is probably the most effective way to help those families who have major adjustments to make and who will need financial help to make them.

Extension and research also should give emphasis to assembly and dissemination of facts relating to the possibilities for increasing efficiency and incomes by low-income farmers working together to meet common problems. Small farmers frequently can cooperate advantageously in the use of equipment and other facilities including such things as farm machinery, electricity, credit, and other facilities. Fuller use of custom services can be helpful. Savings also frequently can be made by combining the sales in marketing farm products and combining purchasing power in securing farm supplies.

RESEARCH—SITUATION AND RECOMMENDATIONS

In recent years most agricultural research has been applied to technical problems of production and marketing. Only limited research effort has been directed toward: Fitting farm units to the changing economic environment; the processes of change in farming, farm population, and levels of living; or the efficient use and extension of credit, and changes in land tenure. These types of research are especially important in low-income areas.

In the period before World War II considerable research of this type was carried on. Often this research can serve as a valuable background in an expanded research effort of this type.

Research activities here suggested are directed toward providing information needed to carry out extension work and technical assistance with low-income families. Additional specialized studies are also needed; these are discussed in other sections of this report.

1. Studies should be undertaken, in addition to those already made, to establish the facts concerning the combinations of resources which will increase incomes and improve levels of family living. Such studies would comprise analysis of soils and related physical resources including the completion of soil surveys where these are not now available. The studies also should include analysis of capabilities and attitudes, of conditions in health and education, and of financial and tenure problems which affect low-income people.

The studies would emphasize the evaluation of farming systems, size of operation, and home management which would provide a satisfactory income and level of living to the farm family. They would include an evaluation of income prospects in part-time farming and off-farm employment as well as commercial farming.

One aspect of this work might be a number of pilot research farms. On such farms new practices and enterprises or combinations could be tested in the setting of a farm business as a whole.

All such research presupposes a high degree of teamwork between scientists in various fields affecting agriculture. The results would provide guides to credit agencies as well as to extension workers.

2. Studies should be undertaken in these areas on practices of lending agencies, including repayment terms; also on the amount of credit likely needed to upgrade farmers' earnings. Suggestions should be developed for guidance of private and government lenders.

3. Studies are needed to determine why farm families cooperate or fail to cooperate in improvement programs and to determine possible new ways and approaches for working with those who have been un-receptive in the past.

4. Studies should be undertaken of how the change to an efficient higher income agriculture will affect the area economy, and how it will affect the levels of living attained by the population. These lines of study would cover population changes, off-farm job prospects, and marketing problems.

5. Research should be undertaken to determine the leasing arrangements and provisions that would be most equitable under the altered farming systems. It should determine the extent to which prevalent leasing arrangements stand in the way of adjustments to higher incomes.

6. Research is needed on production and marketing, covering both the long- and short-term prospects for supply and demand, for the United States and local areas. These would help in determining the most practicable farming systems for the low-income areas.

AGRICULTURAL SERVICES FOR PART-TIME FARMERS

Part-time farming is growing in this country. Off-farm work is one means by which families with low incomes can add to their earnings. However, many families still have only a low income after whatever off-farm earnings they can get. Some consideration, therefore, should be given to services which can be supplied to part-time farms.

What is a part-time farm? The census has a definition. It is a farm with sales of from \$250 to \$1,199 in a year, with the operator working off the farm 100 days or more, or where the family income from off-farm work exceeds the value of farm sales. In 1949 the census reported 639,000 such part-time farms in the United States, of which 326,000 had cash family incomes of less than \$2,000 (fig. 4). In the latter group there were 272,000 operators under 65 years of age. These farms averaged 16.2 acres of harvested crops and \$612 worth of products sold per farm.

Residential farms, so-called, are a closely allied group. Such a farm is used primarily as a home and is only incidentally a farm business. The census defines such a farm as one having less than \$250 of products sold in a year. Such farms showed an average of only 6.1 acres of cropland, and only \$82 worth of products sold. There are some residential farmers, however, who may be interested in expanding their farm operations and who thus come more definitely within the scope of this study.

Many of the suggestions applying to low-income farmers generally also apply to part-time farmers. These involve especially: Properly adapted extension programs, better credit service, and needed research. In making these suggestions, it is recognized that some of them are already being carried out in some States. Several good local studies have been made. Some counties are doing an excellent job in providing extension service for part-time farmers. However, in some areas where the need is greatest there has been the least activity of this kind.

EXTENSION PROGRAMS FOR PART-TIME FARMERS

For some low-income families in this category information about the home and the production of food for the family may be sufficient. Others will need help in planning and managing their farm to make it more profitable. Many boys and girls in part-time farm families belong to 4-H Clubs and the wives to home demonstration clubs.

The following points need to be considered in extension work with part-time farms:

1. A clear understanding by all extension and technical assistance workers as to their potential clientele—the groups they should be working with in the counties. One such group would be the part-time farmers.

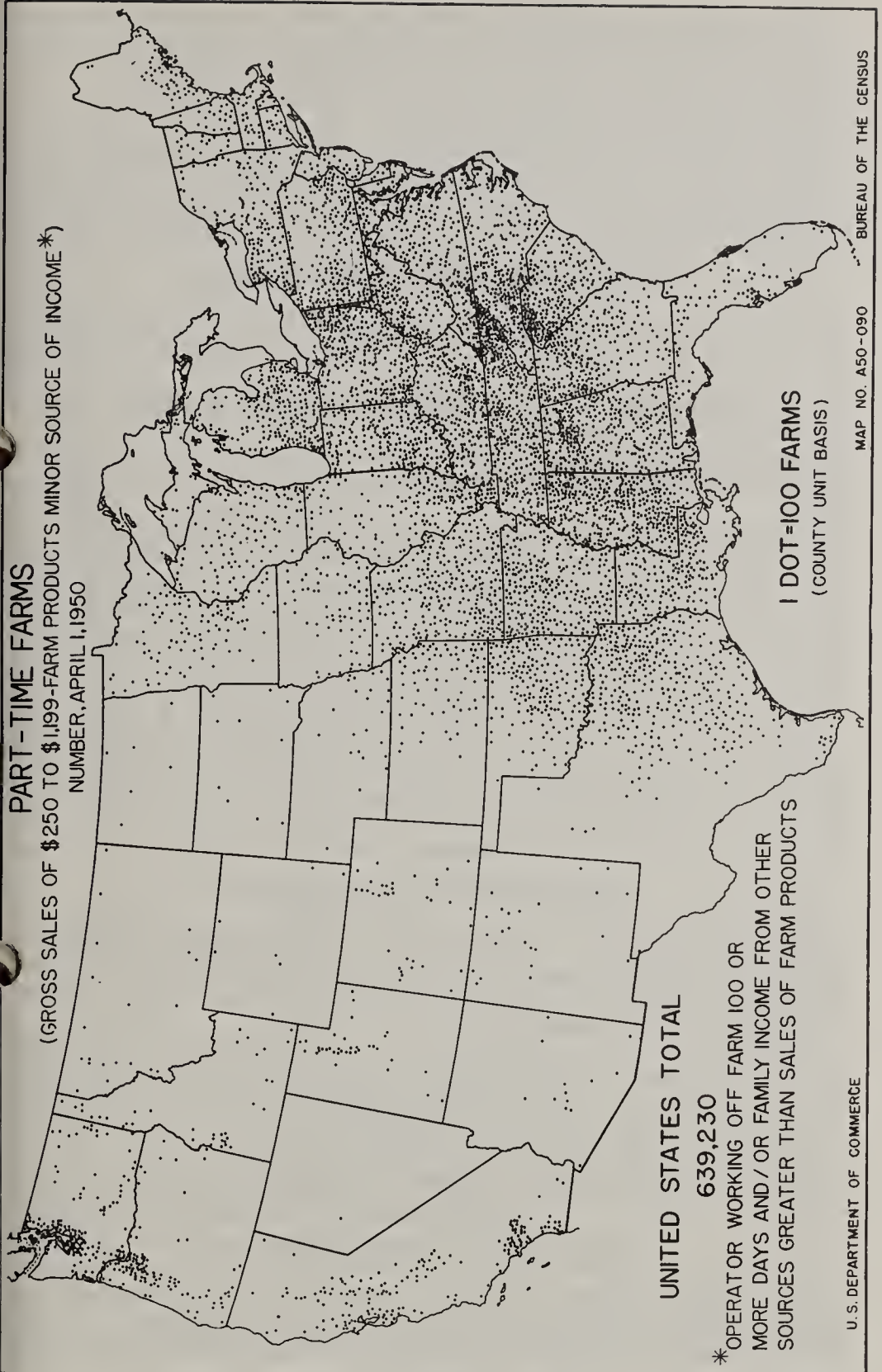


FIGURE 4.

2. Inclusion of part-time farmers on the county extension advisory committees. This would aid in the planning of a county extension program which would better meet the needs of these people.

3. The extension problems should be well determined if the work with part-time farmers is to be effective.

4. Larger county and State staffs are needed to cover this work. This may call for retraining some members of present staffs, as well as the hiring of workers having a background, training, and experience somewhat different from that of many present extension workers.

CREDIT FOR PART-TIME FARMERS

The principal credit problems among part-time farmers appear to be in the field of long-term financing. The credit requirements are generally smaller for stock, tools, and supplies than for real estate. The former needs are met for the most part by banks, production credit associations, and some other lenders. To the extent that these sources fall short, special credit measures could be developed for part-time farmers similar to the proposals made in the Credit section herein.

Credit for housing and other real estate financing is less satisfactory. Some is available from insurance companies and from the Federal Land Banks. The Federal bank loans, however, are limited by the requirement holding appraisal within limits set by the normal income from the farm only. This leaves little opportunity to recognize the home value and repayment capacity from outside income, in making appraisal and loan. A proposed amendment to the Farm Loan Act is now pending in Congress (1955) which would make it possible to broaden the base on which loans are made on these farms; it would permit the appraisal to take account of the home value and of outside income. Adequate facilities do not now exist for Government credit to part-time low-income farmers. Legislation is needed for this purpose. Support of such legislation is recommended.

POSSIBILITIES FROM TIMBER

A considerable number of low-income and part-time farmers are located in marginal areas most suitable for growing trees as a crop. In such areas off-farm earnings from timber cutting can be increased by improved forest management.

To this end, attention should be given to: Extension work in forestry with owners and workers; improved forest credit; more adequate State regulatory laws; and public acquisition where effective management cannot be had under private ownership.

Opportunities for off-farm earnings in public forests can be increased by adjusting policy to encourage small sales, and by the construction of roads to make timber accessible for small-scale buyers.

PART-TIME FARMS—RESEARCH

Research is needed into these lines of information: Number and types of families and their geographic concentrations; their occupations, skills, and capabilities; prospective changes in off-farm work opportunities; the level and stability of incomes; industries adapted

to using local labor and other resources; and the types of farm organization best suited to the working hours of part-time farmers.

Other questions to be answered by research are: Is part-time farming a step to full-time farming or to migration from the farm, or is it a fairly permanent way of life for those so engaged? Has the increase in part-time farming resulted largely from urban workers buying rural homes, or does it stem from families on small farms taking advantage of outside job opportunities? How do the credit requirements of part-time farmers differ from those of full-time farmers, and how adequate are present credit facilities in meeting the need? To what extent are laborsaving expenditures feasible when considered against the alternative of family work outside? What are the problems in land use, community organization, roads, and related facilities in urban fringe areas?

CREDIT AND FINANCIAL MANAGEMENT

Low incomes among farmers are in large part traceable to lack of resources. In many instances sufficient resources could be added to provide for efficient operations.

In the usual case capital must be supplied in the form of credit. To support such credit guidance should be given in management, and educational and technical assistance should be provided.

Despite the progress made by Government and private lenders in aiding low-income farmers, a more organized approach is needed. To this end the following recommendations are made.

1. A concerted effort should be made to encourage private and cooperative lenders to make more loans to enlarge, stock, equip, and develop farms of worthy operators.

An education program toward this end might include publications designed to point out the contribution that local banks and cooperative credit agencies can make. Publications should make clear the benefits to the community from such loans.

Such a program would include courses, demonstrations, and meetings for personnel of lending agencies and for farmers. These sessions would give the latest information on improved practices, on cost and returns of enterprises, and on correct use of credit in improving farming. Farmers and lenders could discuss problems at joint meetings.

Many country bankers have found it profitable to employ full-time agricultural representatives to handle farm credit work, plan farm management, and give guidance to borrowers. Use of additional agricultural specialists by banks and other credit agencies should be encouraged. Arrangements should be made whereby banks and cooperative lending agencies can utilize the farm planning assistance of the extension service. Extension agents, vocational teachers, and others should give attention to helping low-income families make sound use of their resources, including credit.

2. The supply of intermediate-term credit should be increased. Present supply is not adequate. A major need, especially on low-income farms, is to build up a dependable source of intermediate credit. Frequently such loans are not available. Usually when they are available, they are drawn for repayment at the end of the

year with the general understanding that the unpaid portion will be renewed.

Loans for equipment, livestock, or working capital cannot be repaid in a year. It takes time for the increased returns to be realized. In many instances such financing must be carefully done on the basis of well-considered farm plans. It is often impossible for these plans to provide for complete repayment in less than 5 to 7 years. Repayment schedules should be based on a careful appraisal of the debt-paying capacity of the business.

The Farm Credit Administration has recently made decisions which are a commendable step in remedying this situation. The production credit associations have been authorized to make loans for capital purposes with terms up to 3 years, on an experimental basis. The Federal intermediate-credit banks have been authorized to discount such notes. Three years is the maximum term now acceptable for discount under the law. This test will be watched with a great deal of interest. Similar steps by commercial banks and other lenders should be encouraged.

3. Government credit services should be strengthened as needed. Through the use of a carefully planned credit program, supported by guidance and technical aid, the situation for many low-income farmers can be improved. Additional risk will be involved if the program is large enough to reach a major portion of those farmers who have land enough but who lack working capital. The risk of loss is increased by low security ratios and by repayment requirements which leave little margin after expenses.

The experience of the Farmers Home Administration since 1946, however, indicates that the losses from this type of operation need not be high. Table 8 presents in summary these results. One way of reducing risks might be to restrict loans to 90 percent or a lower percentage of the appraised value. This would decrease risk from a decline in prices or an economic slump, but the number of families who could be assisted would be fewer.

The standards used by the Farmers Home Administration in determining the suitability of applicants have much merit. The farmers must have access to sufficient land, be of sound character, and possess reasonable farming skill.

THE FARMERS HOME ADMINISTRATION SERVICES

Sufficient funds from private lenders for insured long-term loans should become available to speed up the program for enlarging and developing farms. These funds should also be open for housing and building improvement loans to potentially efficient farmers. Also, through recent amendments, direct and insured loans for water facilities and soil conservation loans of intermediate length will be on hand throughout the Nation. If these programs develop as hoped, there should be no scarcity of these types of funds.

More loan funds will be required for production loans for the purchase of basic livestock, equipment, fertilizer, seed, and other such items. Help in financing such items will be needed by potentially efficient farmers in moving toward improved and stable operations.

NONFARM EMPLOYMENT INFORMATION AND MOBILITY OF FARM PEOPLE

For many decades more children have been born on farms than could be absorbed into agriculture. Fewer workers have been needed on farms in recent years and the problem of finding jobs elsewhere has become more acute for rural young people. A program to develop and utilize the human resources of agriculture more fully must anticipate a continuing large-scale movement of people away from the farms or into part-time nonfarm employment.

MIGRATION FROM FARMS

Migration resulted in a net transfer away from farms of 6 million persons in the 1920's, 3.5 million in the 1930's, and nearly 9 million in the 1940's. Since 1950, in spite of a high birth rate, migration has reduced the farm population from 25 million to less than 22 million. During the 1950-60 decade, at least one-fourth of the young men reaching working age on farms will be in excess of replacement of older men who die or retire. The map, figure 5, shows replacement rates by areas. In several of the low-income areas a third to a half of these young men will need to take up nonfarm occupations during the present decade even if there is no increase in the size of farms.

AREAS NOT WELL SUITED TO CULTIVATION

There are several areas where poor soil, rough topography, wind erosion, water erosion, or other natural handicaps make farming an almost hopeless struggle. Hired men in these regions have a hard time no less than do farm operators. In many cases the real solution would be to make it possible for families from these areas who wish to do so to relocate and let the land now farmed go back into forest, grazing, watershed protection, wildlife and recreation, or similar uses.

Rural zoning has proved helpful in this problem, particularly when coupled with tax incentives and State assistance to encourage forestry, public acquisition of farm holdings in sections zoned out of agriculture, and a program to assist the affected families to find better opportunity elsewhere.

Public and private acquisition of such lands has accomplished like objectives. Some of the lands have been bought up for State parks, forests, wildlife refuges, county or community forest reserves, municipal recreation and watershed protection, and national forests or national parks and publicly owned grazing lands.

PROGRAM OF THE EMPLOYMENT SERVICE

In these areas of low income and underemployment, helpful programs can be set up to facilitate migration. As a part of its regular program, the Bureau of Employment Security of the Department of Labor has a responsibility for aiding employment. It has no special program of information for farm people on job opportunities elsewhere, except for migratory farm laborers. The Bureau operates through 1,700 local offices in affiliated State employment agencies.

TABLE 8.—*Production and subsistence loan data, selected States, Farmers Home Administration, Nov. 1, 1946—June 30, 1954*

Item	Arkansas	Louisiana	Mississippi	Alabama	Georgia	South Carolina	Tennessee	Kentucky	West Virginia
<i>Number of borrowers receiving loans:</i>									
Farmers with Farm Security Administration loans-----number-----do-----	3, 812 20, 825	3, 321 21, 945	5, 800 23, 635	7, 479 20, 194	6, 318 24, 903	2, 084 45, 853	2, 309 10, 355	2, 165 12, 605	427 2, 617
Total-----do-----	24, 637	25, 266	29, 435	27, 673	31, 221	47, 937	12, 664	14, 770	3, 044
Status on June 30, 1954:									
Fully paid-----do-----	18, 636	19, 714	21, 039	21, 075	24, 562	38, 443	8, 883	10, 361	1, 753
Indebted:									
Supervised-----do-----	4, 251	3, 574	5, 141	4, 253	3, 504	5, 238	2, 963	3, 936	1, 191
Serviced only for collection purposes-----number-----	1, 271	1, 263	2, 454	1, 936	2, 018	2, 554	633	331	75
Writeoffs and judgments-----number-----	479	715	801	409	1, 137	1, 702	185	142	25
Total amount loaned-----dollars-----	31, 129, 304	25, 267, 757	30, 569, 104	25, 186, 133	29, 892, 625	26, 814, 107	13, 083, 866	15, 052, 359	5, 283, 538
Matured principal-----do-----	22, 165, 735	18, 668, 238	21, 004, 273	18, 440, 525	21, 945, 235	21, 146, 271	9, 067, 161	9, 882, 923	2, 534, 092
<i>Collections:</i>									
Principal-----do-----	20, 552, 150	17, 901, 588	19, 480, 865	17, 310, 769	20, 335, 480	19, 798, 584	8, 595, 024	9, 200, 235	2, 455, 354
Interest-----do-----	1, 604, 093	1, 055, 923	1, 469, 890	1, 018, 185	1, 186, 440	884, 394	741, 829	931, 200	320, 690
Principal payments as percent of matured principal ² -----percent-----	92. 7	95. 9	92. 7	93. 9	92. 7	93. 6	94. 8	93. 1	96. 9

Progress of P & S adjustment borrowers paying loans in full and continuing to farm:

Gross farm income:

Year before receiving loan³-----dollars--
1952-----do-----

Gross farm income less current operating expenses:⁴

Year before receiving loan-----dollars--
1952-----do-----

Net worth:

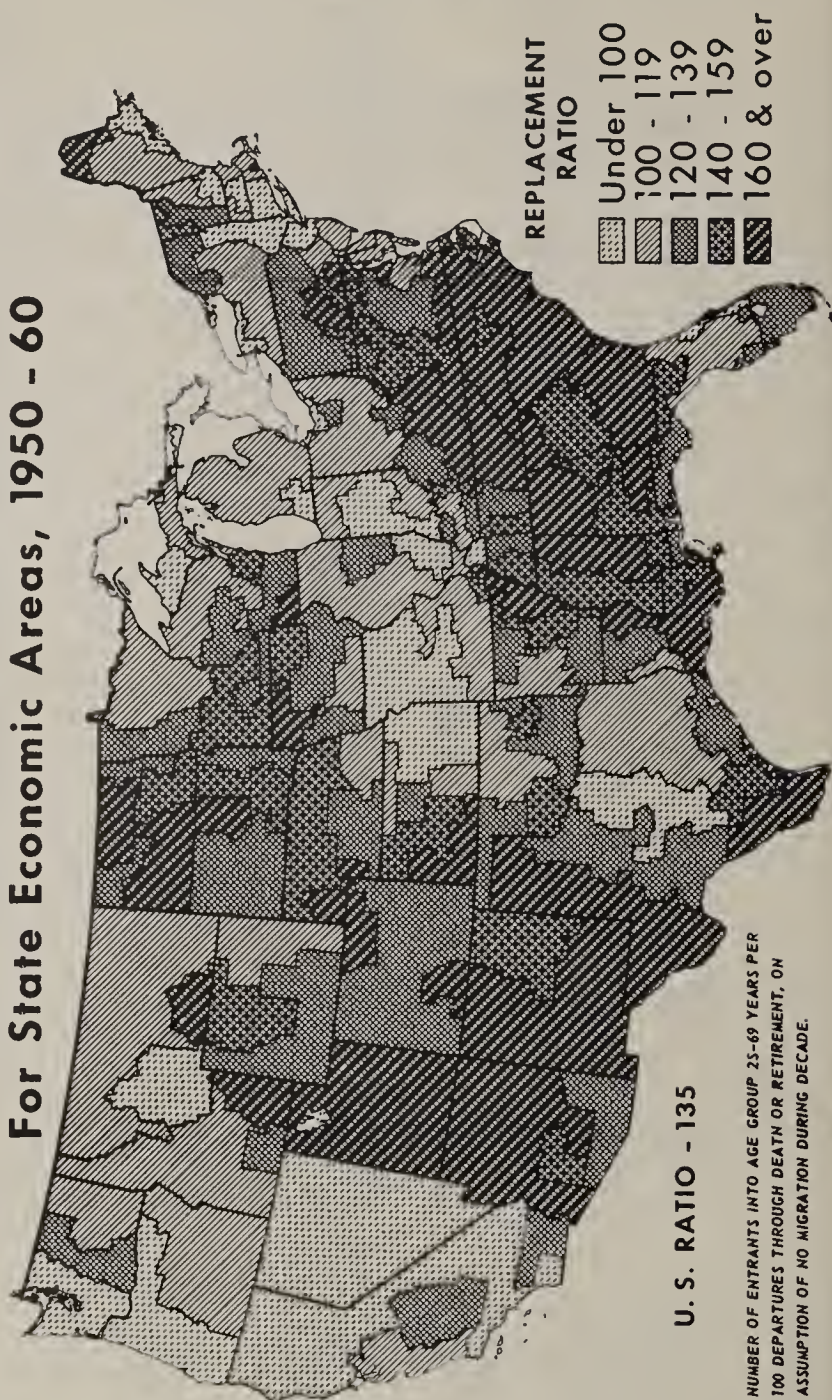
At time of receiving loan-----dollars--
1952-----do-----

2,012	2,903	2,060	2,041	2,793	3,123	1,733	1,805	1,641
3,125	4,524	3,050	2,970	3,661	3,417	2,588	3,110	3,216
1,126	1,734	1,240	1,214	1,731	2,063	1,194	1,229	1,041
1,826	2,885	1,971	1,766	2,117	2,179	1,803	2,190	2,012
4,054	4,599	3,657	3,791	4,066	4,209	4,057	3,596	4,768
6,248	6,900	5,791	5,056	6,039	5,281	6,778	6,335	8,752

¹ Includes a few borrowers with unsupervised annual production loans. ² Some of the principal payments currently delinquent will eventually be paid. ³ The average years indebted: Arkansas 3.3, Louisiana 2.4, Mississippi 3.9, Alabama 2.4, Georgia 3.1, South Carolina 1.6, Tennessee 4.1, Kentucky 4.1, and West Virginia 6.0. ⁴ Current operating expenses exclude capital expenditures for machinery and buildings and interest payments.

REPLACEMENT RATIOS OF RURAL-FARM MALES AGED 25-69

For State Economic Areas, 1950 - 60



NUMBER OF ENTRANTS INTO AGE GROUP 25-69 YEARS PER
100 DEPARTURES THROUGH DEATH OR RETIREMENT, ON
ASSUMPTION OF NO MIGRATION DURING DECADE.

FIGURE 5.

Its methods have been adapted to many different labor market situations in the 21 years of its history.

Programs of the Bureau and those of the State agencies are tailored locally to fit varying situations. The Employment Service recruits and places workers through its local office by its knowledge of jobs and skills in the community. If job openings are not filled, they are "cleared" to other offices over a wider area.

Reports on job openings are published regularly in each State and circulated widely. Present reports cover 150 of the major industrial areas on a bimonthly basis. These reports offer information of potential service to those interested in outside work.

During World War II the Employment Service was instrumental in helping large numbers of rural people to find jobs in rural and urban industries. Where transportation costs and guarantee of jobs were offered, workers responded most favorably. Some of the problems which showed up were a division of responsibility between agencies, restrictive legislation, and some unreasonable contracts applying to seasonal farm workers.

RECOMMENDATIONS

When economic conditions are good, reliable information on job openings and industrial prospects can help rural workers who desire outside work. The Federal-State Employment Service supplies such information. What is needed is to gear its programs to the special needs of these rural areas. Services of this type have an important part to play in steadily improving opportunities in low-income areas. To that end the following suggestions are made:

1. Try to familiarize rural people with the facilities of the Employment Service. Farm workers are accustomed to finding jobs through relatives or friends. They do not fully realize the services available through the employment offices or how to use them.
2. Make employment information more available to the farm press, radio, and other media which provide job information to rural areas. Public service announcements in selected areas can be effective if they give specific job information.
3. Provide voluntary registration of rural workers available for outside employment so that information on jobs can be pinpointed to them.
4. Encourage State employment offices to study the needs of rural areas, with a view to extending present facilities to meet those needs, or to relocate employment offices if necessary to get the information where needed.
5. Set up standards to identify the areas where there is population pressure. Then conduct surveys to determine the characteristics of the rural population, skills of workers, availability for outside work, and problems to be overcome if the mobility of the group is to be achieved.
6. Match areas of rural underemployment with industrial areas in need of labor. Thereby it will be possible to assist those who wish to move to places of need in the same general region.
7. Extend the present classification of labor markets to small metropolitan areas and nonmetropolitan areas. Analyze additional

smaller cities to discover expanding industry in areas close to abundant rural manpower.

8. When areas of poor farming conditions have been identified and relocation of workers is desired, it is recommended that the Employment Service develop special programs to meet these needs.

9. Land zoning and public acquisition programs have been found useful in several States. Where lands are surely unsuited to successful farming, it is recommended that State and local agencies, in cooperation with the communities concerned, give serious attention to rural zoning, public acquisition, and related measures. The State agricultural experiment stations should continue to take leadership in making the necessary studies and indicating desirable lines of action. The Extension Service should take the leadership in working with the local people to design and carry out a program of action based on this research.

In programs so developed, attention should be given to ways and means to assist farm families to move to better locations; to help provide funds for desirable shifts in land use; and to encourage the best use of lands left idle. Public ownership of such lands for forests, parks, wildlife, recreation, and watershed protection should be considered. Great care should be used in disposing of such lands to avoid increasing the problem areas.

Agencies of the U. S. Department of Agriculture, particularly the Office of Information, Farmers Home Administration, Federal Extension Service, Agricultural Research Service, and Agricultural Marketing Service can contribute to these recommended activities through regular and special programs, and, where applicable, through their county and advisory groups.

INDUSTRIALIZATION IN LOW-INCOME FARM AREAS

Industrial development offers some opportunities in a number of rural areas which now lack the means of good income. This is especially true where labor is accompanied by local resources and adequate power at low cost. During the last 10 to 20 years industries have played a part in raising the level of earnings in certain low-income rural areas.

Industrial development for an area is often thought of as luring 1 or 2 big plants that will immediately make jobs for all. But the realistic development is more often a progressive growth which uses all resources in the area, including agriculture, forests, minerals, power, and improvement of labor skills through vocational training.

SUGGESTIONS AND RECOMMENDATIONS

1. State and local assistance in leadership and counseling for developing local industry should be expanded.

In the past industries came into some regions without benefit of much local effort. In others local action played quite a part. Sometimes the industry was given financial aid, sometimes publicity and promotion. Mississippi, for example, gave tax concessions to new industries to attract them to the State.

Local promotion involves many activities. Perhaps the biggest task is to appraise the local resources accurately, both physical and human. Judgment is also necessary on the kind of industry that will stand a good chance of success under the local conditions. Research is needed to answer questions along these lines.

For the task of mobilizing local interest and self-appraisal, the industrial development boards and local organizations will be important. The State land-grant colleges and services of the State departments of agriculture, commerce, and labor can help. In areas having rural electric power the Rural Electrification Administration can encourage and service new industries.

2. Appropriate agencies of Government should be enlisted to survey and report on the potential labor supply in rural areas. Federal policies on dispersal of industries, whether for security reasons or to use the Nation's manpower more efficiently, should consider this labor supply.

The labor supply in major urban areas is regularly reported and classified. No similar data exist for rural areas; such data might be developed, though admittedly this would be more difficult than in town. Such data would be of help in selecting plant sites.

Federal policy on dispersal of industry, as laid out by the Office of Defense Mobilization, provides for tax amortization as well as other incentives for a new defense plant in an area of labor surplus, if the area meets certain other requirements. At present rural areas can benefit only if they fall within a labor market area classified as one of substantial labor surplus. If the Department of Labor should classify rural areas, either on a regular or special basis, it would seem possible to extend the special tax amortization to defense plants in areas of rural underemployment.

3. Research should be designed to explore the opportunities for new industries in rural areas; provide technical information on industries suitable for rural location; and improve the efficiency of industries processing or distributing farm products. This research would be intended for those who help decide on industrial enterprises and their locations. The State land-grant colleges and the State and Federal departments of agriculture, commerce, and labor might all make important contributions to such research.

It may be asked what the possibilities are for reducing costs in farm processing plants by improving efficiency and using underemployed rural labor—thereby giving more employment to that labor. No general answer is possible. There has been some expansion of textile, metals, chemicals, and biological industries in the South and West where the labor supply was ample and good roads provided easy access to markets. But in general the food processing industries are located near farming areas. For any cost advantages to come from modern machinery the plant must have a constant supply of raw products, and the output must be marketed effectively. Hence, in many cases labor can be used effectively only if the volume of farm products is first increased.

The Department of Agriculture—perhaps in cooperation with other agencies—could give greater assistance to food processing industries in exploring the possibility of lowering costs.

4. Efforts should be undertaken to increase the use, processing, and productiveness of forests in the rural low-income areas. While the major problem areas tend to be those with poor land, they also have the largest amount of forest land and great opportunities for future industrialization in forest products.

The possibility for developing forest industries is substantial. The employment opportunities include harvesting the timber and the manufacture of lumber and basic timber products; furniture and finished lumber products; paper and allied products; chemical and associated products, including rayon from wood, wood distillation, and naval stores.

VOCATIONAL TRAINING

Vocational training and guidance represent part of the investment that our society makes in the education of its youth and adult citizens. Trained manpower is also fundamental to the strength and security of our Nation. By and large, rural communities have less adequate facilities for vocational training and guidance than do the urban communities. Needs in this field are not being adequately met for a large proportion of rural youths and adults. This lack has been chronic for many years among the low-income farm families. The education and training given to more than 7,800,000 veterans of World War II by the GI Bill provided training to hundreds of thousands of farm-reared veterans who otherwise would not have had such opportunities.

VOCATIONAL PROGRAMS

The Smith-Hughes Act (1917) and the George-Barden Act (1946) provide for Federal-State matching of funds and Federal-State cooperation in developing vocational-training programs. These programs cover agriculture, home economics, trades and industry, and distributive occupations (merchandising, retailing, wholesaling). Vocational guidance programs are also assisted. Table 9 shows how funds are allocated to the State boards of education on a matching basis.

EXPENDITURES FOR VOCATIONAL TRAINING AND GUIDANCE

The Smith-Hughes Act appropriates \$7,138,330 annually for vocational education. The George-Barden Act authorizes the appropriation of an additional \$29,267,080 a year also for vocational education. In 1953 expenditures for federally aided vocational guidance, as distinguished from other types of vocational education, totaled \$1,417,990, of which \$373,895 were Federal funds. In addition, there are other vocational-guidance programs financed solely from State and local funds.

Actual Federal, State, and local expenditures for vocational training in the United States, in 1953, totaled almost \$146,000,000. The proportion of Federal funds averaged about 18 percent both for the country as a whole and for the low-income Southern States. Among these States the proportion varied from 13 to 30 percent (table 10).

TABLE 9.—*Basis for allocation of Federal funds for vocational training*

	Smith-Hughes Act (appropriations)			George-Barden Act (authorizations)		
	Vocational agriculture	Vocational home economics, trade and industry	Vocational teacher training	Vocational agriculture	Vocational home economics	Vocational trade and industry
Annual sum (millions). Basis for allocation to States.	\$3 Ratio of State rural population to United States rural population.	\$3 Ratio of State urban population to United States urban population.	\$1 Ratio of State total population to United States total population.	\$10 Ratio of State farm population to United States farm population.	\$8 Ratio of State rural population to United States rural population.	\$8 Ratio of State non farm population to United States non-farm population.
						\$2.5 Ratio of State total population to United States total population.

For the United States as a whole, expenditures are roughly equal among vocational agriculture, home economics, and trades and industry. In the low-income Southern States the proportion spent on vocational agriculture and home economics is much greater than that spent on trades and industry (table 10).

The percentage of Federal funds expended for each of the four fields of vocational training is about the same for the total of the low-income Southern States, as for the United States. In general over the country, the percentage of Federal funds expended for agriculture and trades and industry is greater than the percentage expended for home economics and distributive occupations (table 11).

For the fiscal year 1955 a total of \$30,811,591 in Federal funds has been allotted for vocational training in the United States. Of this, \$11.7 million is for agriculture, about \$9.5 million for trades and industry, about \$7.5 million for home economics, \$900 thousand for distributive occupations, and about \$1 million for teacher training.

RECENT DEVELOPMENTS IN VOCATIONAL TRAINING

From a modest enrollment in 1918 of 164,000 in all types of vocational education, including part time and full time, by 1946 enrollment in the United States passed the 2 million mark. Total enrollment in 1953 was 3.1 million. Each of the major programs—agriculture, home economics, trades and industry, and distributive occupations—has seen a steady growth in enrollment and in funds. Training in the distributive occupations has a more recent history dating back only to about 1938. This program is limited by law to part-time and evening classes for persons engaged in those occupations.

In order to offer training in areas that otherwise could not be served, a few States are setting up area vocational schools; they also are putting such training into community colleges covering a wider territory than existing school districts. This procedure makes possible a greater diversity of training. The cost of boarding away from home may pose quite a problem to youths from low-income families.

Young farmer classes and farm mechanics programs help boys who stay on the farm. A specialist in farm mechanics from the U. S. Office of Education has conducted conferences and workshops for the improvement of instruction in farm mechanics in Alabama, Arkansas, Louisiana, Mississippi, and South Carolina. Special attention also has been given to the training of rural electrification workers. Some rural youths have been enrolled in apprenticeship programs. Training for practical nursing is being stressed.

The groups of courses offered in high schools are being improved and broadened. Workshops have been held to this end.

AVAILABILITY OF AND PARTICIPATION IN PROGRAMS

Concrete studies are needed on how available vocational training is in the low-income areas or on how many in these areas take such training. Available studies are usually college theses or reports evaluating a specific program in a specific area. They do not shed much light on the overall problem of increasing vocational training in low-income areas.

TABLE 10.—*Expenditures for vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953*

State	Total expenditures	Federal expenditures	Vocational agriculture	Vocational home economics	Vocational trades and industry	Vocational distributive occupations
	<i>Thousand dollars</i>	<i>Percent</i>	<i>Thousand dollars</i>	<i>Thousand dollars</i>	<i>Thousand dollars</i>	<i>Thousand dollars</i>
Total United States	145, 951	17. 4	47, 490	43, 114	50, 507	4, 839
Total low-income Southern States	39, 864	18. 5	18, 076	13, 829	6, 856	1, 104
Alabama	3, 101	21. 6	1, 327	944	743	88
Arkansas	2, 705	18. 2	1, 290	1, 056	290	68
Georgia	5, 052	14. 3	2, 319	2, 002	589	142
Kentucky	2, 190	31. 1	1, 029	729	384	48
Louisiana	3, 748	13. 1	1, 698	1, 420	524	107
Mississippi	2, 900	21. 2	1, 436	1, 013	396	55
Missouri	3, 145	22. 1	1, 147	1, 022	819	157
North Carolina	5, 278	18. 2	2, 726	1, 867	564	121
Oklahoma	3, 612	12. 2	1, 840	1, 003	653	117
South Carolina	2, 895	17. 0	1, 323	991	505	75
Tennessee	3, 536	20. 2	1, 411	1, 273	769	83
West Virginia	1, 702	24. 3	530	509	620	43

Source: *Digest of Annual Reports of State Boards for Vocational Education to the Office of Education, Division of Vocational Education*, U. S. Dept. of Health, Education, and Welfare, June 30, 1953.

TABLE 11.—*Percentage of Federal to total Federal, State, and local expenditures by type of vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953*

State	Vocational agriculture	Vocational home economics	Vocational trade and industry	Vocational distributive occupations
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Total United States	21. 3	14. 6	17. 0	8. 5
Total low-income Southern States	21. 6	14. 0	21. 0	9. 4
Alabama	27. 2	18. 6	16. 9	9. 9
Arkansas	22. 6	12. 1	21. 9	12. 6
Georgia	16. 0	9. 6	25. 0	6. 1
Kentucky	36. 1	25. 2	30. 6	18. 0
Louisiana	13. 3	8. 4	26. 2	8. 1
Mississippi	26. 9	15. 1	16. 6	15. 7
Missouri	28. 5	16. 2	23. 7	5. 5
North Carolina	19. 3	14. 1	28. 4	7. 2
Oklahoma	11. 6	10. 7	16. 7	7. 4
South Carolina	20. 2	13. 2	17. 0	11. 5
Tennessee	27. 1	14. 2	18. 7	10. 4
West Virginia	35. 0	25. 3	14. 8	20. 1

Source: See table 10.

In low-income Southern States, the opportunity for vocational training is limited. Despite the preponderance of farming, not as high a proportion of boys of high school age are enrolled in the vocational classes as for the whole country (table 12).

Many of the educational studies assume that vocational training for full-time agricultural occupations should be expanded. Too little thought has been given to the limited chances of employment in agriculture. Little attempt has been made to prepare farm youths for nonfarm occupations. Little attention is given to bringing into their vocational training the skills which are essential to nonfarm work and part-time farming. As early as 1941 reports of the State agricultural planning committees to the U. S. Department of Agriculture called for area vocational schools to provide nonagricultural training in rural service trades and occupations for the increasing proportion of youth who would enter nonfarm occupations.

TABLE 12.—*Enrollment of farm youths in vocational agriculture classes for the United States and low-income Southern States, 1950*¹

	Male farm population, age 14-17	Enrollment in all-day voca- tional agriculture classes	
	Thousands	Thousands	Percent of male farm population, age 14-17
Total United States -----	998	405	41
Total low-income Southern States --	487	171	35
Alabama -----	49	13	27
Arkansas -----	37	16	42
Georgia -----	48	17	36
Kentucky -----	46	11	24
Louisiana -----	27	12	45
Mississippi -----	51	13	26
Missouri -----	35	11	31
North Carolina -----	67	27	39
Oklahoma -----	26	13	50
South Carolina -----	35	11	32
Tennessee -----	46	22	48
West Virginia -----	20	5	26

¹ Data on youths 14-17 living on farms from the 1950 Census of Population and data on enrollment in vocational agriculture from Office of Education, HEW. Figures on enrollment relate to the fiscal year ending June 30, 1951.

Recent followup studies in a number of communities show that the majority of students who take vocational agriculture do not become farmers. These studies show that one-half to three-quarters of these students take up occupations other than agriculture. It may be questioned whether the high percentage of boys enrolled in vocational agricultural classes is realistic in view of the limited opportunities for full-time farming. It may also be noted that in the low-income South-

ern States this percentage is lower than in the country as a whole. (See table 12.)

In one of the more comprehensive followup studies (Nicholas T. Theodorou: "A Study of Former Students of Vocational Agriculture in The Watkins Glen Area," Cornell Univ. Agri. Expt. Sta. Bul. 848, Nov. 1948), it was found that in a New York area 93 percent of these former students who went into farming had opportunities on their own family farms, in contrast to only 51 percent of those who went into nonfarm work. Of those in nonfarm occupations, 62 percent felt that the vocational training in agriculture had not helped them in their present jobs. The remainder reported only slight help. About three-fourths of these both in farm and nonfarm occupations said they would like more training in their present lines of work. They expressed a need for more training in mechanics and shop, accounting, industrial education, and trades.

The New York study recommended more balanced general education and guidance programs with emphasis upon the qualifications necessary for farming; an increase in work experience; supervised programs, and individualized instruction. Area vocational schools were also suggested.

The various followup studies of occupations indicate a need for (1) training in skills and concepts which can be used in a wide variety of jobs in the area, (2) occupational orientation courses, (3) out-of-school vocational classes, and (4) in-service training classes.

RECOMMENDATIONS

A concerted effort is needed to develop more effective training and guidance programs for rural youth. Local, State, and Federal governments should work with public leaders in education, business, industry, labor, and farming to this end. Efforts should be directed especially toward the low-income areas.

1. The U. S. Department of Agriculture in cooperation with other State and Federal agencies should undertake research studies in low-income rural areas. These studies should be designed to obtain information about the opportunities for youth in nonfarm occupations; to find out the extent to which vocational training is available to youths and young adults in low-income farm families; and to learn how much training farm boys are getting in nonfarm fields in the schools of these low-income areas. The studies should also assess the resources available to meet those needs.

Such facts would give a basis for the planning of needed action.

2. The Department of Health, Education, and Welfare, in cooperation with the Department of Agriculture and other State and Federal agencies should endeavor to establish several experimental and demonstration vocational training programs in typical low-income areas.

These demonstration centers would aim to develop techniques for counseling and guidance, testing for aptitude, and special lines of instruction adapted to the background and orientation of rural boys. Along with this would go programs of on-the-job and apprenticeship training, as well as followup studies to help size up and improve the programs. Such programs should be expanded as experience justifies.

3. The State colleges of agriculture and the Department of Agriculture should encourage farm leaders to participate in the State conferences on education such as are now (1955) being developed in connection with the White House Conference on Education. The objective would be to have the conferences consider vocational training needs of farm people for farm and nonfarm occupations.

Where there are many low-income families, the State conferences should discuss and recommend the steps necessary to improve vocational programs, including financing.

4. Strengthened vocational guidance services are needed in the counseling programs administered by the State educational agencies and the State employment services to serve the needs of youth in low-income farm families.

5. In view of the fact that for many years about half the farm youths have been leaving farms, public schools serving rural people need to emphasize training and counseling in skills which are in demand in nonfarm occupations.

6. Efforts should be made to get more young part-time farmers and small farmers to take part in vocational training or retraining programs. Training facilities should be expanded and strengthened. Training in skills, together with more information about outside jobs, would tend to increase employment of underemployed farm operators. Pilot programs in several areas should be set up to develop experience for training and retraining of adults.

7. An interdepartmental work group should be set up to study specific steps to meet educational needs in low-income farm areas. Possible improvements in the bases for allocating additional Federal grants in aid to vocational training should be considered so as better to meet these needs.

8. Progress in training and guidance programs should be accompanied by continuing efforts to improve basic educational programs and facilities of primary and secondary schools serving rural children and youth. Better school buildings and equipment, better rounded programs of study, and better quality of teaching are urgently needed in low-income areas.

The President's message to the Congress of February 8, 1955, recommended immediate action to help overcome school classroom shortages.

HEALTH

In rural low-income areas health services are generally inadequate, and the practices of low-income families lead to poor health conditions.

Much greater emphasis should be given to health education in these areas. Particular attention is needed with respect to (a) family health practices and (b) community solving of health problems. Existing extension and other programs directed toward the rural family should place more stress on health. These education programs should be designed to reach and serve low-income families more effectively. County or other local public health units should be more widespread; development of existing units is needed. Multi-county units are proving practical in sparsely settled areas. Recruitment of medical personnel, especially nurses, should be encouraged.

Development and use of voluntary health insurance to help families meet the costs of medical care and hospitalization also should be encouraged. Opportunities for group enrollment of farmers, other self-employed, and farm workers would help bring about greater coverage.

The establishment of a continuing basis for cooperation between agricultural agencies and health agencies at all levels is important if these agencies are to work most productively to promote the health of rural people.

THE AMENDED SOCIAL SECURITY ACT

The recent extension of social security legislation should strengthen the economic security of millions of farm families generally and have special significance for low-income farm families. There has been a growing awareness over the years of the need for social security for farm people. In 1950 the Social Security Act was successfully applied to nonfarm self-employed persons and to regular hired farm workers. More recently the program was extended to self-employed farm operators and to the bulk of the hired farm working force. Surveys made by the various land-grant colleges and the U. S. Department of Agriculture have disclosed that many farmers had not accumulated adequate resources for retirement and that a majority of them favored extension of social security to farm people.²

Beginning January 1, 1955, all farm operators who earn \$400 or more a year net income from their farming operations will be covered by the Old-Age and Survivors insurance program. Coverage has also been extended to hired farm workers who earn \$100 or more cash pay from any 1 farmer during 1 calendar year. The Social Security Administration estimates that about 3½ million farmers will come under these provisions, as well as about 2 million hired farm workers, in addition to the 700,000 hired hands to whom the law was previously applied.

As of January 1, 1955, farmers began to build up retirement credits and survivors insurance by paying a social security tax. This tax will be paid beginning in 1956, on 1955 incomes. Farm operators will pay a 3 percent tax on the first \$4,200 of their net income.

In return a farmer upon reaching the age of 65 will become entitled to a retirement benefit which will range from \$30 to \$108.50 a month,

² *Old Age and Retirement in Rural Connecticut*, Storrs Agricultural Experiment Station (in cooperation with BAE, U. S. Dept. of Agriculture) Bulletin 299, June 1953; *Farmers Conceptions and Plans for Economic Security in Old Age*, Wisconsin Agricultural Experiment Station (in cooperation with BAE, U. S. Dept. of Agriculture) Research Bulletin 182, September 1953; *The Farmer Looks at His Economic Security*, Texas Agricultural Experiment Station (in cooperation with U. S. Dept. of Agriculture) Bulletin 774, January 1954; *Attitudes of Farm Operators in Harrison County, Kentucky Toward Old-Age and Survivors Insurance Program*, Kentucky Agricultural Experiment Station (in cooperation with AMS, U. S. Dept. of Agriculture) Preliminary Report, June 1954. *Problems of Economic Security for Farmers in Reference to Social Security*, Maryland Agricultural Experiment Station, Miscellaneous Publication No. 169, June 1953. *Maryland Farmers Look at Social Security*, Maryland Agricultural Experiment Station, Bulletin No. 446, January 1954. *Old Age Plans and Programs of Farmers*: Tompkins County, New York, New York Agricultural Experiment Station, Bulletin A. E. 698, April 1949.

according to the amount of income upon which he has paid the social security tax (table 13). The farmer's wife, upon reaching age 65, also becomes entitled to a monthly benefit, so that for the farmer and his wife together the monthly benefit may be anywhere from \$45 up to \$162.80.

There are also survivors' benefits for a widow and children under 18 years of age.

Farmers who are now close to 65 years of age or over 65 can become insured under this program within 2 years and then be entitled to its benefits.

A few illustrations may help to make clear what these benefits are.

Suppose Farmer Brown is 50 years old, his wife is the same age, and he averages a net income of only \$1,200 a year. His yearly contribution will be 3 percent or \$36, which is to be paid at the time he pays his income tax for the preceding year.

Mr. Brown will be covered, beginning January 1, 1955, though he will not pay his first tax until early in 1956. If he keeps earning about the same income and retires after 15 years, when he and his wife have reached 65 years of age (assuming they have no children under 18), they will receive \$82.50 a month as long as both live, and the survivor will receive a reduced amount for the rest of his or her life.

But suppose Farmer Brown dies in 1958 after paying social security tax for only 3 years (\$108), leaving Widow Brown and 2 small children. As long as the children are under 18 years of age Mrs. Brown will receive each month a social security check for \$82.60.

For farmers who are near retirement age, the program is especially attractive. If Mr. Smith is 63 years old, his wife the same age, and he has the same farm income as Mr. Brown, he can retire after paying the tax for only 2 years.

TABLE 13.—*Social security benefits payable to those qualifying after August 1954*

Average monthly earnings	Retirement benefits		Payments to survivors		
	Worker's monthly benefit	Worker and wife	Widow, child, etc.	Widow and 1 child	Widow and 2 children
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
\$45-----	30. 00	45. 00	30. 00	45. 00	50. 20
\$100-----	55. 00	82. 50	41. 30	82. 60	82. 60
\$150-----	68. 50	102. 80	51. 40	102. 80	120. 00
\$200-----	78. 50	117. 80	58. 90	117. 80	157. 10
\$250-----	88. 50	132. 80	66. 40	132. 80	177. 20
\$300-----	98. 50	147. 80	73. 90	147. 80	197. 10
\$350-----	108. 50	162. 80	81. 40	162. 80	200. 00

Because of this special provision for those nearing retirement age to become covered in a shorter than normal period, the benefits of this new coverage will be felt in rural communities within a few years. The financial burden of the Old Age Assistance program, which has been much heavier in rural than in urban areas, will be lightened as farmers and hired workers retire on insurance rather than on public assistance—which is financed in part by the State or locality. Persons under age 72 can earn as much as \$1,200 in a year and still receive all the social security benefits to which they are entitled. After age 72, a beneficiary can draw all his benefits no matter what amount he earns. There is a special provision to lighten the task of bookkeeping for small farmers. If the farmer's gross sales are not over \$1,800 in a year, he may simply estimate his net income as one-half the value of his sales, without itemizing expenses.

For larger-scale farmers there is a special provision which enables them to retain coverage for a year in which expenses were unduly high—or sales were unduly low because of crop failure or other reasons. If a farmer fails to show a net income of as much as \$900 under such circumstances, he may report and pay tax on \$900, provided his gross sales were more than \$1,800.

Farmers, as well as others concerned, will pay social security tax on only the first \$4,200 of the year's net income. Earnings above that are not taxed for social security purposes.

While the amended Social Security Act will bring under its coverage many low-income farm families, many other such families will not qualify. Farmers whose net income from the farm is under \$400, do not qualify for coverage.

In 1949 this lower limit would have eliminated between 40 and 50 percent of the farm operators in the South, their net farm incomes being under \$400. Some portion of these, however, may get coverage by reason of their employment in farm or other occupations covered by the law. Others may be able to raise their farm incomes above the \$400 mark and so get coverage. Data are lacking to estimate these various categories; studies should be made to obtain such information.

RECOMMENDATIONS

1. The recent extension of Old Age and Survivors Insurance to farmers and hired farm workers should be explained through an educational program to farm people in the low-income areas. This will involve information and studies of conditions facing farmers in those areas.

The Old Age and Survivors Insurance Program is something new to most farm people; they will look to extension services for information about its requirements and benefits. This is especially true of older persons who will want to retire fairly soon. Many low-income families are probably uncertain whether they are eligible under the law. Participation undoubtedly can be broadened if full information on eligibility requirements reaches farm families in these areas.

2. Research studies should be planned by agencies of the Department of Agriculture which are concerned with rural levels of living and related fields, to gauge the developing effects and impact of the social security program on rural life.

APPENDIX TABLES

APPENDIX TABLE 1.—*Specified characteristics of commercial farms, generalized problem areas compared with the remainder of the United States, 1950*

Area	Commercial farms ¹		Percentage of commercial farms				
	Number	Percent of United States total	Small farms ²	Owners, part-owners and managers	All tenants	Croppers	Reporting a tractor
	Thou- sands	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent
Generalized areas.....	1, 401. 7	37. 8	70. 6	63. 4	36. 6	16. 0	34. 0
Appalachian Mountains and border.....	346. 9	9. 4	68. 6	82. 2	17. 8	5. 6	39. 7
Southern Piedmont and Coastal Plains.....	364. 9	9. 8	69. 7	54. 2	45. 8	21. 9	27. 1
Southeastern Hilly.....	237. 5	6. 4	83. 2	51. 0	49. 0	20. 0	23. 2
Mississippi Delta.....	166. 0	4. 5	70. 7	30. 1	69. 9	41. 7	26. 7
Southwestern Sandy Coastal Plains.....	90. 5	2. 4	70. 7	66. 8	33. 2	6. 7	35. 6
Ozark-Ouachita.....	94. 5	2. 5	71. 4	84. 1	15. 9	1. 7	33. 7
Northern Lake.....	68. 2	1. 8	53. 8	94. 3	5. 7	-----	76. 3
Northwestern New Mexico.....	3. 1	-----	61. 3	90. 8	9. 2	-----	46. 0
Cascade and Rocky Mountains.....	30. 1	. 8	42. 6	93. 3	6. 7	-----	70. 7
Remainder of the United States.....	2, 304. 7	62. 2	27. 3	72. 6	27. 4	2. 4	74. 1

¹ Commercial farms are those having sales of \$1,200 or more and, in addition, farms with sales of \$250 to \$1,199 with the operator working off-farm less than 100 days and having farm sales exceeding income from other sources.

² Farms having gross sales of \$1,200 to \$2,499 plus farms having gross sales of \$250 to \$1,199 provided that the operators of this latter group worked off-farm less than 100 days and provided also that the income to the operator and his family from off-farm work was less than the value of all farm products sold.

APPENDIX TABLE 2.—*Specified characteristics, averages for commercial farms, generalized problem areas compared with the remainder of the United States, 1950*

Area	Average per commercial farm			
	Land in farms	Crop-land harvested	Value of land and build-ings	Value of farm products sold
	<i>Acres</i>	<i>Acres</i>	<i>Dollars</i>	<i>Dollars</i>
Generalized areas.....	138. 0	40. 5	7, 662	2, 747
Appalachian Mountains and border.....	131. 5	40. 4	8, 691	2, 752
Southern Piedmont and Coastal Plains.....	126. 1	38. 6	6, 593	2, 613
Southeastern Hilly.....	108. 8	33. 8	5, 512	1, 912
Mississippi Delta.....	89. 4	45. 8	7, 841	3, 427
Southwestern Sandy Coastal Plains.....	220. 5	44. 6	8, 393	2, 775
Ozark-Ouachita.....	186. 0	40. 9	6, 941	2, 617
Northern Lake.....	156. 5	54. 7	9, 328	3, 429
Northwestern New Mexico.....	2, 334. 1	48. 2	23, 589	5, 238
Cascade and Rocky Mountains.....	194. 1	39. 8	19, 431	5, 652
Remainder of the United States.....	359. 2	117. 7	23, 798	7, 751

APPENDIX TABLE 3.—*Specified population characteristics of generalized problem areas, compared with the remainder of the United States, 1950*

Area	Rural-farm population		Percent distribution of rural-farm population 25 years old and over by years of school completed			
	Number	Percent Non-white	Total	Less than 8 years	Completed 8 years but not high school	Completed high school or more
	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Generalized areas.....	10, 979	24. 2	100. 0	55. 1	33. 3	11. 6
Appalachian Mountains and Border.....	3, 313	2. 5	100. 0	49. 4	37. 9	12. 7
Southern Piedmont and Coastal Plains.....	2, 832	39. 4	100. 0	65. 9	24. 8	9. 3
Southeastern Hilly.....	1, 694	40. 1	100. 0	58. 7	31. 0	10. 3
Mississippi Delta.....	1, 009	49. 7	100. 0	73. 4	20. 1	6. 5
Southwestern Sandy Coastal Plains.....	734	29. 9	100. 0	53. 1	35. 6	11. 3
Ozark-Ouachita.....	718	4. 7	100. 0	41. 7	45. 0	13. 3
Northern Lake.....	438	. 9	100. 0	31. 5	50. 1	18. 4
Northwestern New Mexico.....	51	33. 3	100. 0	60. 5	24. 1	15. 4
Cascade and Rocky Mountains.....	190	1. 8	100. 0	20. 3	48. 5	31. 2
Remainder of the United States.....	12, 011	5. 8	100. 0	27. 4	46. 2	26. 4

S. 1621—ADJUSTMENT OF DEBTS
S. 1757—INSPECTION OF AGRICULTURAL COMMODITIES
S. 2098—EXTENSION SERVICE APPROPRIATIONS

HEARINGS
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-FOURTH CONGRESS
FIRST SESSION



JULY 27, 1955

Printed for the use of the Committee on Agriculture

Serial O



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

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S. 1621—ADJUSTMENT OF DEBTS

WEDNESDAY, JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met at 10 a. m., in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Present: Representatives Poage, Grant, Gathings, Abernethy, Thompson, Jones, Hagen, Knutson, Jennings, Matthews, Andresen, Hoeven, Dague, Harvey, Lovre, Belcher, McIntire, Williams, King, and Dixon.

Delegate Fernós-Isern.

Mr. POAGE. The committee will please come to order.

I believe we will first take up S. 1621, a copy of which will be placed in the record at this point.

(S. 1621 follows:)

[S. 1621, 84th Cong., 1st sess.]

A BILL To authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the Act of August 11, 1939, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections 41 (g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1015 (g), 1017, and 1025), are hereby extended to apply on the obligations of settlers on projects developed under the Act of August 11, 1939, as amended (16 U. S. C. 590y-z), or similar projects under the water conservation and use item of the Department of the Interior Appropriation Act, 1940, as amended (53 Stat. 719), of the type incurred in accordance with section 5 of said Act (16 U. S. C. 590z-3), or other obligations to or administered by the Secretary of Agriculture incurred in connection with the development or operation of the project unit, and the Secretary is authorized to make such additional adjustments in the terms and conditions and amounts of any such obligations of such persons or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations.

[S. Rept. No. 1042, 84th Cong., 1st sess.]

ADJUSTMENT OF DEBTS

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1621) to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

S. 1621 would authorize the Secretary of Agriculture to compromise and adjust debts of settlers on water conservation and utilization projects developed under the Wheeler Case Act, as amended. This authority is already being exercised by the Secretary with respect to loans for land purchase or improvement made under the Bankhead-Jones Farm Tenant Act. As noted in the report below from the Department of Agriculture, the financial difficulties in which some of these settlers find themselves are often not subject to their control. The report from the Department of the Interior is also attached as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 1, 1955.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
 United States Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the act of August 11, 1939, as amended, and for other purposes.

We recommend enactment of the bill.

The bill would extend to projects developed under the authorities of the act of August 11, 1939, the provisions of sections 41 (g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1015 (g), 1017, and 1025), which sections authorize debtors to be released of liability for their debts under certain conditions. The bill also would authorize the Secretary of Agriculture to make adjustments in the terms, conditions, and amounts of obligations incurred in connection with the development or operation of a project unit, or in the price at which units on such projects are sold to settlers as may be reasonably necessary to permit such settlers to acquire, develop, and establish successful farming operations on their farm units and to pay any adjusted obligations.

The enactment of this bill is desirable in order that worthy farm families may be granted some relief from the problems and difficulties they are confronted with on these project units. For example, on the Angostura project at Hot Springs, S. Dak., settlers are having difficulty because:

1. Seepage is developing from irrigation canals and the application of irrigation water to the extent that the irrigable crop acreage on some farms is being reduced to the point that a family cannot be reasonably expected to succeed.

2. Due to the semiarid nature of the area and the sandy texture of much of the soil, there is a lack of humus and organic matter. Under such conditions, some farmers cannot obtain profitable yields until the soil has been developed with fertilizers, legumes, green-manure crops, and good tillage practices. The removal of topsoil in land-leveling operations has been an additional cause of low crop yields for the first years of occupancy. For these reasons, many settlers, have lost money on their farming operations during the first years of their occupancy of the units and will fail unless afforded further opportunities to work out of their difficulties.

3. Since the majority of these settlers are young veterans with limited resources, the problem is intensified as they have not been able to provide sufficient funds to supplement the amounts which could be loaned to them under existing authorities of the Farmers' Home Administration to adequately develop their farms. They also have been unable to obtain necessary buildings, particularly livestock shelter, fences, and, in some instances, a habitable dwelling.

The enactment of this bill will not result in additional administrative costs as its administration will be absorbed.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

DEPARTMENT OF THE INTERIOR,
 OFFICE OF THE SECRETARY,
Washington 25, D. C., July 19, 1955.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
 United States Senate, Washington 25, D. C.*

MY DEAR SENATOR ELLENDER: A report has been requested from this Department on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers of projects developed or subject to the act of August 11, 1939, as amended, and for other purposes.

If enacted, S. 1621 would extend certain provisions of the Bankhead-Jones Farm Tenant Act, as amended, to projects developed under the Wheeler-Case Act (54 Stat. 1119, 16 U. S. C., secs. 590y-z) and the Interior Department Appropriation Act (53 Stat. 685, 719). Under these acts, there is a division of authority between this Department and the Department of Agriculture, this

Department being responsible (to put the matter in general terms) for the engineering aspects of the projects and for negotiation and administration of contracts with organizations of water users for repayment of the reimbursable costs of the project works and the Department of Agriculture being responsible for the land settlement program, the disposition of lands to settlers, and Federal assistance to the settlers by way of loans and the like.

The portions of the Bankhead-Jones Act which would be extended are those which provide for (1) compromising and adjusting claims and modifying the terms of mortgages, leases, contracts, and agreements, (2) expediting the liquidation of projects by the sale of lands, by making loans for the improvement of lands and repair of property, and by disposing of public facilities, and (3) the purchase by the Secretary of Agriculture of foreclosed property, the operation and ultimate disposition of such property, and making advances to preserve the Government's security, liens, and priorities on loans. The operation of the extensions of authority proposed by S. 1621 is expressly limited to those obligations of settlers which run to or are administered by the Secretary of Agriculture. Enactment of the bill would also authorize the Secretary of Agriculture "to make such additional adjustments in the terms and conditions and amounts of any such obligations * * * or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations."

It appears, from this review of the contents of S. 1621, that its enactment will affect only operations of the Department of Agriculture and that it will not affect repayment obligations of contracting organizations which are administered by the Department of the Interior. In view of this we offer no comment on the bill and advise you that we would have no objection to enactment of the bill.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

The following provisions would be extended to the obligations of settlers on projects developed under the Wheeler-Case Act, as amended, to the Secretary of Agriculture.

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

SECTION 41 (7 U. S. C. 1015)

* * * * *

"(g) Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to sections 1001-1005d, 1007, and 1008-1029 of this title as circumstances may require, in the following manner:

"(1) Compromise of claims of \$10,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General, pursuant to the provisions of section 194 of Title 31;

"(2) Claims of less than \$10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of—

"(A) Borrowers who have transferred their farms to other approved applicants under agreements assuming the outstanding indebtedness to the Secretary under sections 1014-1029 of this title; and

"(B) Borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness to the Secretary which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(C) No compromise or adjustment shall be made upon terms more favorable than recommended by the appropriate County Committee established pursuant to section 1016 of this title;

"(3) Any claim of \$100 or less, which has been due and payable for three years or more, and where the debtor has no assets from which the claim could be collected or is deceased and has left no estate, or has been absent from his last known address for a period of at least two years and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided*, That claims of \$10 or less may be canceled and released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

"(4) At the end of each fiscal year the Secretary shall report to Congress the names of all persons against whom claims in excess of \$1,000 have been compromised, the address of such person, the nature of the claim, the amount of the compromise, and the reason therefor."

* * * * *

SECTION 43 (7 U. S. C. 1017)

* * * * *

"The Secretary is authorized to continue to perform such of the functions vested in him pursuant to Executive Order Numbered 7530 of December 31, 1936, as amended by Executive Order Numbered 7557 of February 19, 1937, and pursuant to sections 431-434 of Title 40, as shall be necessary only for the completion and administration of those resettlement projects, rural rehabilitation projects for resettlement purposes, and land development and land utilization projects, for which funds have been allotted by the President, and the balances of funds available to the Secretary for said purposes which are unexpended on June 30, 1937, are authorized to be appropriated to carry out said purposes: *Provided*, That any land held by the United States under the supervision of the Secretary pursuant to said Executive orders may where suitable be utilized for the purposes of sections 1001-1006 of this title, and the Secretary may sell said land and make loans for the necessary improvement thereof to such individuals and upon such terms as shall be in accordance with the provisions of sections 1001-1006 of this title."

* * * * *

SECTION 51 (7 U. S. C. 1025)

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948, as those Acts are heretofore or hereafter amended or extended; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act."

STATEMENTS OF R. B. McLEAISH, ADMINISTRATOR, FARMERS' HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HENRY C. SMITH, DEPUTY ADMINISTRATOR, FARMERS' HOME ADMINISTRATION; AND JOSEPH C. YORK, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. McLEAISH. Mr. Chairman, the Department reported favorably on S. 1621 to the Senate committee. The bill is intended to afford some relief to farmers who have acquired units on soil and water conservation projects developed under or subject to the act of August 11, 1939. There are several of these projects throughout the Midwest, but the Angostura project at Hot Springs, S. Dak., represents the most typical example of the need for this legislation.

Settlers acquiring farms on this project from the Soil Conservation Service have had difficulty with seepage developing from irrigation canals and the actual application of the irrigation water, which has acted to reduce the irrigable crop acreage below the acreage needed to successfully farm the unit and pay off the indebtedness. Some of the units on the Angostura project are not fully developed. The settlers need land development in the form of fertilizers, legumes, and other good soil-building practices. Also, some settlers have not completed the building development of their units and require loans from Farmers' Home Administration for this development work. The Farmers' Home Administration is unable to assist most of these settlers because the amount of the loan needed by the applicant plus the existing indebtedness is in excess of the appraised value of the farm unit.

S. 1621 would permit the scaling down of the indebtedness of these settlers through authorities contained in the Bankhead-Jones Farm Tenant Act so that the settler could be reasonably expected to establish successful farming operations on the farm unit and pay the adjusted indebtedness. The bill would make it possible to release a present settler from liability who may transfer his farm to another individual. The bill would also permit the future sale of units of these projects at reduced prices as may be necessary to permit the settler to establish successful farming operations on the unit and repay his obligations.

Staff members of the Farmers' Home Administration from the State offices and from the National office have investigated thoroughly the situation of settlers on these projects and have established quite conclusively the need for assisting these settlers if they are to succeed. Under an agreement with the Soil Conservation Service, the Farmers' Home Administration has been servicing the sales contracts of these units which have been sold and this bill would permit us to adjust the amount of these contracts as necessary to bring the amount of the remaining indebtedness into line with the anticipated ability of the settler to pay. Our investigation indicates that the immediate need for this legislation is principally confined to the Angostura project in South Dakota, and to the Buffalo Rapids project in Montana.

Mr. POAGE. What you are telling us is that this bill provides that the Government can waive part of a contract price and take less than they agreed to. Is that right?

Mr. McLEAISH. That is about it.

Mr. POAGE. Just so we understand it.

Mr. McLEAISH. The Government would reduce the purchase price of the land. In other words, as an illustration, here is a piece of land that appraises at \$18,000. \$8,000 was allowed for development which was not enough and then the land was sold at \$10,000. The actual amount of money required for buildings, the home, farm buildings, and fencing, et cetera, would amount to \$12,000 or \$13,000, which would get the indebtedness on the land beyond our ability to lend it.

Mr. ANDRESEN. What would be your maximum loan?

Mr. McLEAISH. We can't lend more than the long-term appraised value of the land.

Mr. ANDRESEN. What will it be after this bill passes?

Mr. McLEAISH. Some of these land contracts would be scaled down.

Mr. ANDRESEN. Who would take the loss?

Mr. McLEAISH. The Government would take the loss.

Mr. ANDRESEN. Do you think it is advisable to start people in farming when it is sure to be a loss?

Mr. McLEAISH. The idea here, the question is whether at the outset they were charged too much for the land.

Mr. ANDRESEN. The land was worthless when they bought it, wasn't it?

Mr. McLEAISH. That is a question of judgment.

Mr. POAGE. Who fixed those values when they bought it?

Mr. McLEAISH. They were fixed by the Soil Conservation Service. In other words, the Soil Conservation Service actually sold the land and then turned the notes over to Farmers' Home Administration to collect.

Mr. POAGE. Is this some of that land that was purchased as marginal land?

Mr. McLEAISH. The Case-Wheeler project. Do you know the background of that?

Mr. YORK. It was not part of the submarginal-land-purchase program. It was a Bureau of Reclamation, Soil Conservation Service combined developed under what is known as the Case-Wheeler Act.

Mr. McLEAISH. I would like to explain Mr. York has made a number of trips to these projects and we have him here to answer detailed questions.

Mr. POAGE. We would like to have him answer questions because I do not know the background of this land and I doubt that many of the members of the committee do, and we ought to understand who put these inflated values on this land and why they put them on.

Mr. YORK. The farms have been appraised by the Soil Conservation Service on the basis of their long-time earning capacity. Then the Wheeler-Case Act provided that they needed to recover a certain proportion of the development costs. It is my understanding that they looked at the appraised value and what they had to recover and sort of bargained and said, "well, now, we need to recover so much money from this project in order to meet the requirements of the Case-Wheeler Act. That will allow about \$8,000 for development and we think most of these folks can put the buildings and fences and wells that they need on their farms for about \$8,000."

Mr. POAGE. You are talking about a quarter section?

Mr. YORK. It is variable acreage, mostly an average of 127 acres.

Mr. POAGE. You try to make it come out \$8,000 regardless of acreage?

Mr. YORK. The farms would appraise at \$10,000, we will say. Then they said if we allow \$8,000 for the cost of further development, buildings, fences, and wells, we will sell the farm for \$10,000. Now the place where I understand that the Soil Conservation Service was in the squeeze was the fact that the act required them to recover a certain amount from the project and in order to do that they sort of compromised on this issue of about \$8,000.

At the time they would be doing that our engineer advised them that \$8,000 was not sufficient to put the farms in full development but they went ahead and sold, for example, a farm as Mr. McLeaish said, for \$10,000.

Mr. POAGE. This land didn't have any irrigation on it when the Soil Conservation Service came in possession, did it?

Mr. McLEAISH. The Bureau of Reclamation had developed irrigation projects.

Mr. POAGE. The Reclamation Bureau owned it?

Mr. McLEAISH. The Reclamation was on the land and Soil Conservation leveled the land off and cleared it of brush and things like that.

Mr. POAGE. They did not have irrigation on it before the land was leveled, surely. They weren't sprinkling it, were they?

Mr. YORK. It was a joint operation. While the Bureau was building the land and canals, the Soil Conservation was leveling the land and getting units ready for sale.

Mr. POAGE. Was Soil Conservation spending Government money to level land? From what source did they get that money? The Soil Conservation, generally speaking, is not an action agency. It is an agency to instruct the farmer. Where did they get the money to level the land?

Mr. YORK. I can't tell you the detail on that, the exact background. The Soil Conservation Service had the money for it, they still have some money for it. Whether that is a carry-over from appropriations made back pursuant to this Case-Wheeler Act, I don't know. The Case-Wheeler Act was passed and some of these projects were started under the Farm Security Administration and transferred from Farm Security to Soil Conservation Service about 1945 or 1946, somewhere in there.

Mr. POAGE. You say some of them were. Did they all start with Farm Security or did some of them start after 1945?

Mr. YORK. Some of them started after that.

Mr. POAGE. That was under authority of the Case-Wheeler Act.

Mr. YORK. That is right.

Mr. POAGE. That act put up money for the Soil Conservation Service to use to level this land?

Mr. YORK. That is my understanding.

Mr. POAGE. Did that act also put up the money for the Bureau of Reclamation to build the dam?

Mr. YORK. I presume the Bureau of Reclamation appropriation came through the regular Department of the Interior appropriation, but I couldn't say.

Mr. POAGE. The dams weren't built under the terms of the Reclamation Act surely. The dams were built under some special act, were they not?

Mr. YORK. I think that is right.

Mr. KING. What is the location of this project?

Mr. POAGE. I understand there are a number of these projects.

Mr. McLEAISH. One in South Dakota and one in Wyoming which has not reached the state of selling off the land yet, and this bill would correct sales of those tracts.

Mr. POAGE. As I understand it, then, the next problem was that Soil Conservation put so much money into the leveling of this land that the cost got so high that they had too much cost in there to make these things actually an economical unit, but sold them nevertheless.

Mr. McLEAISH. The way I understand that happened when the Case-Wheeler Act was passed, it was contemplated that WPA or

Civilian Conservation Corps labor would be used, which would be low-priced labor, and then the war came along and it was necessary to use high-priced labor on the deal.

Mr. POAGE. Regardless of the cost, that went into this thing, I understand it was twice what it was originally contemplated, they went ahead and sold these places to farmers on the theory that they could still pay them out. Is that right?

Mr. McLEAISH. That is correct.

Mr. POAGE. And sold it to them at a lot more than any farmer could ever pay out.

Mr. McLEAISH. That is right.

Mr. POAGE. That sounds like a typical reclamation project to me, doesn't sound any different from the rest of the reclamation projects.

Mr. ANDRESEN. Was this some of the land purchased in the thirties for a dollar or two an acre?

Mr. YORK. No, sir. This was land which was acquired just purely and simply for this reclamation project.

Mr. POAGE. Do you know anything about the cost of this land to the Government in its raw state?

Mr. YORK. I don't know that.

Mr. POAGE. Do you know anything about the average cost of the improvements on it, that the Government put there?

Mr. McLEAISH. We don't have those figures, either.

Mr. POAGE. As a matter of fact, hasn't the Government pretty well taken a licking all the way around on this stuff? Didn't the land cost too much in the first place; haven't the improvements cost too much and haven't they burdened the farmer with too much indebtedness?

Mr. McLEAISH. I wouldn't disagree with any of those statements.

Mr. POAGE. It seems clear.

Mr. KING. Is this land that you figure we might grow potatoes on now?

Mr. McLEAISH. I don't think there are any potatoes contemplated for this land.

Mr. KING. It will grow potatoes, won't it?

Mr. McLEAISH. I haven't heard any reports that it would. I think they are contemplating alfalfa and sugar beets.

Mr. KING. We should loan some money to grow potatoes somewhere.

Mr. BERRY. Senator Case, who has had a great interest in this project from the beginning, is here. I wonder if it might not be a good idea at this time to let Senator Case give you a brief talk.

Mr. POAGE. I am sure we all want to hear from Senator Case, and Mr. McLeaish has another comment which will only take a minute.

Mr. McLEAISH. Mr. Chairman, I would like to add that I have checked since this statement was written and all these settlers we are talking about here are veterans.

Mr. POAGE. How did they come to all be veterans if this thing started a good many years ago before we had anything except World War I veterans?

Senator CASE. I can answer that question very easily.

Mr. POAGE. Thank you so much, Mr. McLeaish, and we will be glad to hear from Senator Case, who was the author of the original bill.

**STATEMENT OF HON. FRANCIS CASE, A UNITED STATES SENATOR
FROM THE STATE OF SOUTH DAKOTA**

Senator CASE. Mr. Chairman, and members of the committee, first let me say it is a privilege to come over here and be in the atmosphere of the House again.

Mr. POAGE. We are always glad to have you.

Senator CASE. This bill grows out of the projects that were started under the Water Conservation and Utilization Act of 1939. In the latter days of WPA and CCC a movement was started to make the work that was accomplished under those programs productive in the northern Great Plains and instead of assigning men to leaf-raking jobs to give them work on something that would tend to relieve the drought conditions that were affecting the northern Great Plains during the thirties.

Senator Wheeler of Montana and I joined in sponsoring legislation which became more or less known as the Wheeler-Case program or project, and there were four of those projects started, one in Mirage Flats, Nebr., Buffalo Rapids, Mont., Eden Valley, Wyo., and Angostura, S. Dak.

At the time the projects were authorized the work to be done so far as it could be was to be WPA labor or CCC labor that was assigned to them, so they would have something useful to do instead of being given a grant under the old farm security program.

The project in South Dakota known as the Angostura project, under that the Department purchased the land that was to be rehabilitated with some irrigation. There is in this project 12,000 acres to be irrigated. It was shrunk a great deal from the original conception of an irrigation project in that area because they took what was supposed to be the best of the land, moved in some equipment for leveling the land, planned to put in three CCC projects or camps to construct the dam, and then the war broke out.

So the Government carried the ownership of the land through the war period. Some work was done by the Department of Agriculture in addition to buying the land at that time, but not too much.

Most of the land leveling equipment I think was stored or some of it was moved out.

The dam was not constructed until after the war was over and at that time it was picked up and put into the Missouri River comprehensive program, the Angostura Dam was built as one of the projects in the total Missouri River program.

Mr. POAGE. Did the engineers build it?

Senator CASE. The Bureau of Reclamation built the dam. The program at the time it was started had a great deal of attention because it was a program to have the Department of Agriculture and the Department of the Interior and the Bureau of Reclamation work together with the Bureau of Reclamation and the Department of the Interior furnishing the construction of the dam and supervising the irrigation end of it, the Department of Agriculture through the Soil Conservation Service and through its financing agencies were to handle the agricultural phases of it.

The interruption of the war of course upset the original concept.

When the war was over then and the dam was built, it was the first dam actually built in the total Missouri River program, the Angostura

Dam was the first project started under the flood control authorization for the Missouri program.

There were then no CCC camps, no WPA labor, and no settlers to be relocated. The thirties were passed. We were in a new era agriculturally and rainwise as well. It was thought then the appropriate people to use for settlers on the project should be veterans. So the total number of units, and these units run from 80 to about 110 acres or something like that, were made available for sale to veterans on not exactly a drawing basis, but a veteran who wanted to buy one of these tracts of land was permitted to file an application, a board was set up consisting of representatives of the Soil Conservation service, the county agent, the Bureau of Reclamation, the Farmers' Home Administration to select among these veterans who applied a settler to go on one of these units.

I am not sure that this same pattern was followed on Mirage Flats; Buffalo Rapids was started earlier; I am not sure the same pattern was followed on Eden Valley, but to the extent that any units remained to be sold, I think it was.

As I look back at it now, I say this in all fairness and charity to all concerned, possibly there were too many cooks in there dealing with this one batch of broth, so to speak, because you had the Bureau of Reclamation fixing the water charges for the service of the water and for the repayment of the cost of constructing the dam. You had the Farmers Home Administration financing the settlers over and above the money they brought in. Most of the GI's used their GI rights to get money to make their down payment on the land and to start, if they could, with their equipment and the buildings. This became practically virgin land. Whatever shacks or buildings that might have been there were removed, new houses were constructed unless the settler wanted to move in some house that he bought and develop it that way.

The land was leveled for irrigation purposes. The leveling resulted in destroying the fertility of the soil for a time as it does on land where you have some unevenness of the land. That is, the topsoil was scraped off to fill up the little low spots so that the land would be leveled and ready for irrigation. That resulted in some cases of taking the humus, the soil with humus in it, and putting it into the low spots so that for the first few years of the project the settlers will be engaged in a program of developing soil fertility either by using fertilizer or by——

Mr. POAGE. Is that not true in any of the reclamation projects?

Senator CASE. It is true in most reclamation projects, but the difference is where a project is developed by the Bureau of Reclamation they have a development period and they don't start the repayment period, I think they have a 10-year development period, Mr. Dominy is here and can tell you about that. They have a 10-year development period in which these little problems of adjustment these units are worked out. But here you had transfer to the Farmers' Home Administration of the financing with the settlers obligated to start making their payments back the very first year they got on the lands when they had to complete their house and barn and plow the first furrow and get the land under cultivation so you had a financial burden upon them in repayment obligations the first year that is not true of ordinary reclamation projects.

The result is that on a few problem units, this does not apply to all, some settlers are doing very well, they had a good crop of alfalfa and a good crop of grain and a good crop of sugar beets, but on some of them they did not, in some cases I suppose that the experience of a farmer might enter into it.

The Cheyenne has a very sandy soil immediately adjacent to the river. As you get further away from the river the soil becomes heavier with more heavy loam in it. They found when they started watering these units that a few of the units nearest the river were so sandy that the water seeped down so rapidly that 1 or 2 of the units became more or less waterlogged. The ground-water table rose so high in one instance that the settler can't get from his house to his barn. It is just a bog between the house and the barn. They are trying to put in some drainage.

It may be in that instance that he ought to be given an opportunity to move further away from the river to select one of the units further away because he ought not to be saddled with what was an engineering failure or a failure in something that nobody could foresee, whatever it may have been.

They have no authority to let him move to another unit. He has his buildings there, house and barn, and he has a bog between house and barn.

In another instance they have to travel about 3 miles and a half to get around a half-mile of road that is impassable because of the excessive seepage that developed in some of the sandier soil near the river.

Mr. POAGE. Who built the irrigation canals?

Senator CASE. The canals were built, the distribution canal was built by the Bureau of Reclamation.

Mr. POAGE. I understand the departmental witnesses to place the blame on the Soil Conservation Service and it may be that is where it belongs, I am not saying it does but I understood you to say the Reclamation Service who has been in business of reclaiming land and building canals actually located the canals.

Senator CASE. The Soil Conservation Service had the responsibility for the land leveling. The Soil Conservation Service is a part of the Department of Agriculture. The Department of Agriculture owned the land. The Bureau of Reclamation responsibility was the construction of the dam, the building of the main canal and the service of water, but not the ditches out on the individual tracts.

Mr. POAGE. I understand that. The seepage is coming from these canals; is it not?

Senator CASE. I don't know that you could generalize to that extent and it does not affect, that particular problem does not affect over 2 or 3 units to a serious degree. But even with them the Farmers' Home Administration has no authority to make any adjustment in the original price put on these farm units or authority to let them turn back the unit they got and let them select another unit.

Mr. POAGE. Is there still a lot of land there that hasn't been sold?

Senator CASE. Yes; about a third of the units have been sold.

Mr. POAGE. What did the Government pay for that land in the beginning?

Senator CASE. I don't know. Mr. McLain was the appraiser for the Department of Agriculture who was in there before the war and made the appraisals and bought the land.

Mr. POAGE. The land was not in cultivation when the Government bought it?

Senator CASE. Some of it was. Some was bought from the county and some from individual farmers. Farmers who were in the area of the project in large part would retain a portion of their holdings and sell a part, because of the desire to limit the irrigation to not over about 80 acres for any one settler.

Mr. POAGE. Does this project provide irrigation water for those farmers who sold parts of their land and who retained part of it?

Senator CASE. Yes; they buy the water. Not all of them did, but some of them did.

Mr. POAGE. In other words, if I had a half section there and I sold the Government 160 acres of it, then not only did I get the price for my 160 acres but I also get irrigation for the 160 retained; is that right?

Senator CASE. If you did you would have to pay for——

Mr. POAGE. I understand I would have to pay for it, but wouldn't most anybody be glad to have irrigation under those circumstances?

Senator CASE. I presume so.

Mr. POAGE. It was a benefit to the people who sold, in other words. They are getting along all right, those people who sold out, we are not trying to bail them out?

Senator CASE. No. In fact, I don't know, I think you might make too much of a generalization. After all, you are only dealing with probably 10 or a dozen problem cases.

Mr. POAGE. The bill just gives the Department unlimited authority?

Senator CASE. It gives the Department exactly the same authority it now has with respect to the farmstead units under the Bankhead-Jones Act. It extends to the problem cases the same authority the Department of Agriculture has for making adjustments under loans of the Bankhead-Jones Farm Tenant Act. That is what the bill does on its face. It refers specifically to the act.

Mr. LOVRE. There are only about 10 or 12 individuals involved?

Senator CASE. There are 3 really serious units based upon the personal contact I had, I was down there at 25 meetings and at those meetings we had representatives of Soil Conservation Service, Bureau of Reclamation, Farmers' Home Administration, the State chiefs of each of those agencies were there. In addition to that at the last meeting Mr. Cogsdale, of the Farmers' Home Administration, Assistant Administrator, was there representing Mr. McLeaish, Mr. Dominy was there representing the Bureau of Reclamation, and Mr. Williams of the Soil Conservation Service.

Last fall I heard about this problem, the Veterans of Foreign Wars were tremendously concerned because 2 or 3 of these veterans on these problem units were connected with the Veterans of Foreign Wars, the State commander of the Veterans of Foreign Wars was interested. I met with the settlers, spent an afternoon there and I said this is a situation where there is an injustice and something should be done, I wrote a 4-page letter on it, I took notes of 30 or 49 settlers there, those doing well and those not doing so well.

The State agencies set up a field team to go in and make a survey. We had a meeting the first of April at which heads of agencies were out there. There has been more money spent in travel to survey and study this than is involved. Also the money I have spent in travel

to survey and study this than is involved. Also the money I have spent and that the agencies have spent in having people go there to look at it.

All they need is the same authority they have under the Bankhead-Jones Farm Tenant Act. Three very serious cases where I think that if something isn't done you are just going to break three veterans, some of the finest young people in the world.

You see these 50 or 75 people that attended these meetings, some were not asking for anything. But a few of them had problem units. It may be 10 or a dozen cases may call for some adjustment in their farm indebtedness.

I don't believe that the actual adjustment will exceed that. I do think that it will be necessary for the Farmers' Home Administration to have a little more authority for giving a larger loan than they do under existing authority if some of the other units are going to have a full set of buildings with some fencing.

One of the problems is fertility. How simple this thing is when you get down to cases. These fellows put in all the money they have got. They have the payments to make. They don't have money to build a woven wire fence so they can run hogs, or sheep, or cattle to hog off their corn, for instance, and get the added fertility that comes from that type of farming where this fertility has been destroyed or disturbed by the land leveling. This isn't a major bill and it isn't a major problem, as far as the Government is concerned, but it is a life and death matter for a very few veterans.

Mr. LOVRE. I want to say, though, the Angostura project is not in my district. I am somewhat familiar with it and there are pathetic cases there that deserve special consideration.

Mr. HOEVEN. Senator Case, I appreciate your particular problem and there are a lot of humanitarian angles. The thing that disturbs me is setting a precedent for like cases throughout the country. I am in sympathy with your objective but I am wondering whether this is good legislation.

Senator CASE. These veterans are not responsible for the imperfections in the project proposed to them or for the units assigned or for the representations made. The Federal Government has that responsibility. That is No. 1. No. 2 is that this is not the precedent. The precedent exists in the principles of the Bankhead-Jones Farm Tenant Act. We are not proposing to establish a precedent here. We are simply saying to give to a few veterans here the same consideration you have given to settlers under the Bankhead Farm Tenant Act all through the South.

Mr. HOEVEN. You agree the same type of relief should be afforded to any similar case throughout the country?

Senator CASE. If the Federal Government has equal responsibility; yes. I don't know whether you have anything exactly on all-fours with this or not. When I say 3 or 4 units, I am thinking of those where there ought to be authority so they could exchange the units and say to this veteran here, "We sold you a lemon." There was some faulty analysis of the soils here. We didn't realize the soils were so porous and that this land would be waterlogged when we put water on it.

We ought to have authority to take that unit back from you and let you take a unit, select a unit farther down away from the river

where you get into the heavier soil. There are not over about 3 or 4 cases like that. There may be a dozen cases where it calls for some debt adjustment. Or for authority to make a larger loan than they can make at the present time.

Mr. POAGE. What this bill provides for is releasing people from their obligations to the United States Government. I never knew of an admission on the part of the Government that it is ever wrong, but it is oftentimes wrong. If we can get an admission that somebody had made a mistake out there it would justify us entirely in saying the Government will trade land. We pass bills all the time allowing transfer of land and we would say the Government was wrong and the Government made a mistake and therefore the Government should rectify its mistake.

I don't understand that is what this bill does. I understand this bill to be an absolute guaranty of anything that anybody buys, buying through or in connection with the Government. You say there is nobody else in this situation. I get 2 or 3 letters a week from veterans who have made loans on homes and they complain that the builder did not do everything—

Senator CASE. That was a private builder and here the builder was the United States Government.

Mr. POAGE. Yes, but the Veterans' Administration is held responsible because the Veterans' Administration inspected that home before the veteran took it and that veteran has been led to believe, as all veterans are led to believe, that anything he touches that the United States Government is going to guarantee and for practical purposes we are guaranteeing those houses. We put a loan on them and the Veterans' Administration will call that builder in and at least argue with him that he hasn't carried out his contract. Of course the veteran never feels there is any responsibility on him to try to get the contract complied with, he feels the responsibility is on the United States Government. I don't object to rectifying mistakes the United States Government has done.

Senator CASE. Here the seller is the Government.

Mr. POAGE. That doesn't make a difference to the veteran. The veteran doesn't feel there is a difference between buying from the Government and the Government guaranteeing the loan. He says when the Government guarantees a loan on his house that the "Government guaranteed I would get a good house." He says "When the Government made the inspection I had a right to rely on that inspection," and pretty largely we are telling these veterans, "If anything happens to you, if your wife has a baby and you have expense in connection with it, the United States Government ought to take care of that because after all, you are the ward of the Government."

Senator CASE. In this instance the Government will take care of itself. You can break those veterans and the Government will get the land back and the Government will take the loss.

Mr. POAGE. I find no fault with the idea of trying to rectify mistakes that have been made but it seems this bill goes beyond that. This bill doesn't say that it will be done only when mistakes are made. This says if he lets the Jimson weeds grow up and he is in bad shape, the Government can relieve him of his indebtedness and let him go on his merry way. I have no objection to correcting these mistakes.

I don't want to blame the Soil Conservation Service or the irrigation service or Reclamation Service or Mr. McLeaish, I am not trying to say somebody is to blame but somebody made a mistake, we all do. The number of mistakes wasn't great, apparently. Let's rectify the mistakes we made but let's don't open the door wide and say any time you want to walk out you are trading with the Government, so it is not binding, nothing is binding when you deal with the Government.

Senator CASE. May I call your attention to the text of the bill. I did not write the bill. The bill was drafted by the departments and concurred in by them to meet this problem, but the bill reads that the provisions of section 41 (g), 43 and 51 of the Bankhead-Jones Farm Tenant Act as amended are hereby extended to apply on the obligations of settlers on projects developed under the act of August 11, 1939.

I don't believe under the Bankhead-Jones Farm Tenant Act that you can make settlements with settlers who let the Jimson weeds grow up, it might be Creeping Jenny in my State, but whatever it might be.

I think the Bankhead-Jones Farm Tenant act provides if you give them benefit of those provisions there has to be good faith. We are not proposing you extend any situation here where bad faith could be recognized. We are only asking that sections of 43, 41 (g) and 53 of the Bankhead-Jones Farm Tenant Act be applied. If they can operate in bad faith, maybe the Bankhead-Jones Farm Tenant Act ought to be amended.

I don't know anything about that. All I am asking is that these people have the same, that the agencies have the same authority for making adjustments that they have under the Bankhead-Jones Farm Tenant Act.

Mr. POAGE. Doesn't line 7 give additional powers:

* * * the Secretary is authorized to make such additional adjustments in the terms and conditions and amounts of any such obligations of such persons or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations.

Isn't that in addition to what the Jones-Bankhead Act provides?

Senator CASE. I would like to have you ask that question of the representatives of the Department. My answer would be I think that was probably necessary because in this instance the Bankhead-Jones Farm Tenant Act might not cover the acquisition of lands in the same manner that this land was acquired, the price at which such project units were acquired and loans made for the purpose. There is a difference between the Government owning the land and putting a price on it and selling it and in making a loan to a veteran for him to go out or any settler to go out and acquire a piece of land that is privately owned.

Mr. THOMPSON. Why doesn't Bankhead-Jones Act apply in this case? The sale was not originally made under that act.

Senator CASE. That is right.

Mr. THOMPSON. Under what act was it made?

Senator CASE. The land was acquired and the whole program conceived under the act of August 11, 1939. Which was the water conservation and utilization act.

Mr. THOMPSON. What I am trying to do is reconeile this with what I know of the Bankhead-Jones farm ownership in our part of the country. In that case there is inspection made by a committee of farmers, ranchers, who live in that area and they say whether the particular tract can be operated profitably.

There isn't any particular—

Senator CASE. Is that where they would go out to buy a farm some private individual owns and the question is whether or not the Government would make a loan to the prospective buyer?

Mr. THOMPSON. That is right.

Senator CASE. So he could go to a private individual and buy the land.

Mr. THOMPSON. That is right.

Senator CASE. The Government was the owner of the land. The Government bought this block of land for this project in this relief program back in the thirties.

Mr. THOMPSON. And a subsequent operation of the Government rendered the land if not untenable, at least unprofitable; is that right?

Senator CASE. Some of the units, a few of the units weren't as good as they thought they were because of this excessive porosity of the soil or because of where the route that the main canal had to follow to get away from the dam, to get away from the river, getting to the heavier soil.

One place the main canal slipped and washed away. They repaired that by putting in a little concrete lining there to get across this sink area but the farmer below there, when the water came in, he also had this excessive sandy soil, excessively sandy soil.

Mr. THOMPSON. That is reflected in the report?

Senator CASE. Yes.

Mr. THOMPSON. I was trying to reconeile it with my own knowledge of the—

Senator CASE. The difference is here the Government owned the land and these private individuals owned the land and the Government inspected the land before making the loan.

Mr. THOMPSON. The Government doesn't inspect it when it is bought in our part of the country. That is neither here nor there. I was trying to bring it into balance with my experience in our own part of the country, where we have never had anything of this kind. In fact, we have never had a man fail to pay out.

Senator CASE. These men don't want to fail. I wish this committee could see the faces of those young veteran farmers and kids there at the meeting. They were a select group of people; they were the cream of a crop of several times the number of settlers that are there who applied for the right to purchase one of these units on the general representation that here was a well-developed project, that you can come and settle down and raise a family after the war and make a real home, and in a few cases you have got a few cases where there could be some tragic personal suffering and if that happens they throw up, you break them, and the Government gets the land back.

Mr. THOMPSON. It all sums up to the fact that the veterans bought a piece of property that was not as they had been led to believe.

Senator CASE. Yes. I wouldn't say it was bad faith on the part of the Government.

Mr. THOMPSON. Call it a mistake.

Senator CASE. An error in judgment or classification of the lands on some of these units.

Mr. THOMPSON. I can certainly understand the propriety of the Government straightening it out.

Mr. HAGEN. I would like to ask the Department witness, What did the Government do on the Matanuska project in Alaska? They are in similar difficulty there?

Mr. SMITH. No, sir; that is not a similar situation to what we have here.

Mr. HAGEN. Were those farmers able to pay out up there?

Mr. SMITH. Yes, sir. Those loans were made by the last Alaska Corp.

Mr. HAGEN. There was no forgiveness of debt?

Mr. SMITH. No, sir.

Mr. HAGEN. I would like to also ask in connection with Government investment.

How much money has the Government invested in the work and leveling the land, and so forth?

Mr. SMITH. You mean per unit or in the total?

Mr. HAGEN. Total.

Mr. SMITH. We do not have those figures here available.

Mr. HAGEN. Was it a sizable sum?

Senator CASE. Yes.

Mr. SMITH. We have with us the loan figures of the Farmers' Home Administration with respect to individual loans that we have made on the project, but we do not have with us the figures with respect to how much the Government has invested in the costs of the dam or in the land leveling by the Soil Conservation Service.

Mr. HAGEN. The point I am trying to make is, if this project doesn't work and is a failure, as might well be if there is a substantial number of people who can't farm, the Government will lose a considerable amount of money.

Senator CASE. Mr. Dominy just tells me the expenditures by the Bureau of Reclamation are in the neighborhood of \$14 million for the dam, canals, and powerplant. There is a powerplant in the dam which is a 1,500-watt powerplant and the power revenues from that, of course, will apply to a part of the cost, but if these farmers aren't able to carry on and pay through the 40 or 50 years they will be paying for water charges, the Government will also have that bill.

Mr. POAGE. How many of these farmers are there, not that are in distress, but how many all told?

Mr. DOMINY. A little over 12,000 acres of lands to be developed for irrigation on the Angostura project and I estimate there would be about 120 farm units.

Mr. POAGE. How many million dollars?

Mr. DOMINY. The dam, laterals, canals, drains, and power plant will run a little over \$14 million.

Mr. POAGE. That does not include the leveling?

Senator CASE. That does not include cost either.

Mr. POAGE. Doesn't include cost of land or leveling?

Mr. DOMINY. No, sir.

Senator CASE. The dam itself is part of the Missouri River total program and I do not know the cost distribution. This now is not

set up as an individual project. Had it been prosecuted as originally proposed, the work of the WPA that would have been applied would not have been reimbursable. In lieu of that I think that part of the cost of this dam is assigned to its flood-control benefits as a unit in the total Missouri River system and some credits are credited to that for stopping silt that would go into the main dams on the main stem of the river.

You would be misleading yourself if you had tried to take the cost of the dam and assign it to the farmers on the project. Some extends to silt prevention for the big dams farther down, some extend to flood control, part will be repaid by the powerplant.

Mr. POAGE. What would you think is a fair estimate of the cost of the lands to the Government up to the present time, the cost of the lands, leveling, putting in the irrigation? How much has the Government invested in the land?

Senator CASE. I don't know. Out of the 120 units a great many of those will have no problem. I had a letter from one man there the other day, the sugar beet production looks as if it would be exceptionally good there. I think the growing season is very good. It is in the southern part of South Dakota.

I see the chairman smile a little bit because I know sugar is a problem.

Mr. POAGE. We have more sugar than we need.

Senator CASE. Sure. After all, you are not dealing with thousands of people here. You are dealing with a little handful of people, veterans, that the Government invited to come in and said here is a nice project with some rosy prospects, here is a chance for you to settle down and make a home after the war.

Mr. POAGE. Maybe we ought to require the Government to register with the Securities and Exchange Commission before they sell this land. Just like Canadian mining stock.

Senator CASE. I hope when the chairman makes one of his too infrequent visits to South Dakota that he will visit the project because he will see some of the finest people starting some of the nicest little homes and he will be impressed, I think, by the probability that given time, this project will pay out and that the Government will not be the loser, provided you give the departmental officials enough discretion to handle these few tight fits that developed in the project.

Mr. POAGE. We don't want to give the impression that we are not interested in trying to work out something for those individuals who have been placed in an unfortunate position as a result of governmental action. I think the committee does want to do something on that. We are concerned that we don't just open the door. We are very much obliged to you.

Mr. LOVRE. As I understand, this bill does not, in your opinion, Senator Case, establish any precedent?

Senator CASE. No; because it isn't intended to establish any precedents. It is merely to give to these settlers where the Government was the seller of the land the same rights that you give where the Government merely loans money for them to buy somebody else's land.

Mr. LOVRE. That being true, would the objective be accomplished if we applied the price of the Bankhead-Jones Act to the Wheeler-Case land without any additions?

Senator CASE. I think you have to refer that question to the people who administer that act.

Mr. SMITH. Congressman, to do a proper job with respect to these project applicants, we would need the language in this proposed bill that has to do with adjustments of the sale price.

Mr. LOVRE. The provisions of the Bankhead-Jones Act would not be sufficient to take care of the needs of the Angostura at the present time.

Mr. SMITH. That is right.

Senator CASE. That seems to be consistent with my layman's opinion because the difference exists because the Government was seller of the land and not merely loaner of the money to buy the land.

Mr. POAGE. If there is nothing further, thank you very much, Senator.

Senator CASE. I enjoy always coming over here and this hearing this morning was very delightful. I appreciate your courtesy.

Mr. POAGE. We have Congressman Berry with us, and we would like to hear from him.

STATEMENT OF HON. E. Y. BERRY, A UNITED STATES REPRESENTATIVE FROM THE STATE OF SOUTH DAKOTA

Mr. BERRY. Mr. Chairman.

Mr. POAGE. We like to get as close to home as possible and would be delighted to have you tell us about it.

Mr. BERRY. Senator Case knows a great deal more about this project—having lived with it all the way through its fairly mature life—than I do, having just come into the picture since last fall when these boys got into trouble. I have a statement here from Senator Mundt, however, that I would ask unanimous consent to have placed into the record at this point.

Mr. POAGE. Without objection it will be included.

(Senator Mundt's prepared statement follows:)

STATEMENT BY SENATOR KARL E. MUNDT OF SOUTH DAKOTA, BEFORE HOUSE COMMITTEE ON AGRICULTURE AND FORESTRY, JULY 27, 1955

Mr. Chairman, I appreciate very sincerely the fact that your committee is taking time during these final busy days of the 1st session of the 84th Congress to take testimony in connection with S. 1621.

As you know, this legislation, sponsored in the Senate by my colleague, Senator Francis Case, would authorize the Secretary of Agriculture to compromise and adjust debts of settlers on water conservation and utilization projects developed under the Wheeler-Case Act. As such, the authority contemplated would not be setting any kind of precedent since similar authority is already being exercised by the Secretary with respect to loans for land purchase or improvements under the Bankhead-Jones Farm Tenant Act.

As a member of the Senate Committee on Agriculture and Forestry I was pleased that this legislation cleared our committee and was favorably acted upon by the Senate as a whole. Passage of S. 1621 is important to the pioneers of a new farming community in my State of South Dakota. Members of this committee have undoubtedly had an opportunity to read the favorable report on this legislation rendered by the Department of Agriculture.

In its report to our Senate Committee on Agriculture and Forestry, the Department of Agriculture listed three conditions facing the young farmers, many of them veterans, on the Angostura project which place the success of the project in real jeopardy. I would like to direct your attention to these three conditions:

(1) Seepage is developing from irrigation canals and the application of water to the extent that the irrigable crop acreage on some farms is being reduced to the point that a family cannot be reasonably expected to succeed.

(2) Due to the semiarid nature of the area and the sandy texture of much of the soil, there is a lack of humus and organic matter. Under such conditions, some farmers cannot obtain profitable yields until the soil has been developed with fertilizers, legumes, green-manure crops, and good tillage operations. The removal of topsoil in land-leveling operations has been an additional cause of low crop yields for the first years of occupancy. For these reasons, many settlers have lost money on their farming operations during the first years of their occupancy of the units and will fail unless afforded further opportunities to work out of their difficulties.

(3) Since the majority of these settlers are young veterans with limited resources, the problem is intensified as they have not been able to provide sufficient funds to supplement the amounts which could be loaned to them under existing authorities of the Farmers' Home Administration to adequately develop their farms. They also have been unable to obtain necessary buildings, particularly livestock shelter, fences, and, in some instances, a habitable dwelling.

The conditions to which the Department has referred have impaired the original value of the farm units located on Angostura project. There is a good chance the investment of time, money, and labor contributed by the Federal Government and by these young farmers can be saved with the result that a prosperous agricultural community will flourish if the Farmers' Home Administration is given the authority contemplated in S. 1621 to make the necessary adjustments.

I hope this committee will act favorably on S. 1621.

Mr. BERRY. These kids out there not only have what they borrowed from Unele Sam to build these homes, but they have their own money that they have put into it. They have 2 or 3 years of trying to scratch up enough money to keep their families while they have been living on the land. They have that investment in addition to what the Federal Government has in this.

As Senator Case said, some of these men that got some of the land that was seraped off and is not productive are just having a hard time. They are milking a half-dozen cows, doing everything they can to get by.

Here is one of the kids in pretty much distress. His name is H-a-g-e-l-m-a-n. He put \$12,000 of his own money into this farm when he went out there, in a house and in some outbuildings, and the farm has proved to be one of these bad ones. The kid stands to lose not only what McLeaish and this program has loaned to him, but he is going to lose his \$12,000 and his 3 or 4 years of dreary, hard work and seraping.

I think by and large from what I have seen of these kids out there they have done a good job, but now this kid, if he could take his buildings and exehange it for one of the other plots, one of the other farms, where it isn't soggy, where the land didn't go sour on him, if these people had authority to do that, that is all we want in this bill, give them a chance to help these kids get established on a pieee of land that is productive.

Mr. POAGE. That is not what the bill says. I have to keep coming baek as I did with Senator Case. You are talking about something that I think most everybody can go along and agree on. This bill doesn't say anything about exehanging land. This bill says you will write off their indebtedness and tell them you owed Unele Sam so and so, but you don't owe him any more. That is what this bill says.

Mr. BERRY. I don't assume these men sitting before you have done much of that in the past. They are pretty fair businessmen. We are authorizing them to use their judgment.

You can't write a law that says you can loan John Jones \$12,000 and somebody else \$4,000 because all we are doing is giving these people the discretion.

Mr. POAGE. This bill doesn't say anything about moving a man from down there where the Government has made a mistake up to lands——

Mr. BERRY. Authorized to make additional adjustments in the terms and conditions.

Mr. POAGE. Terms and conditions of his obligation.

Mr. BERRY. That is right.

Mr. POAGE. His obligation isn't to go buy some more land.

Mr. BERRY. No; his obligation is to pay for that piece of soggy land he can't make a living on.

Mr. POAGE. I understand that. That is what you give the people authority to do. I ask Mr. McLeaish if he interprets this bill to give him authority to take the man in the swamp and deed him another piece of land without consideration.

Mr. McLEAISH. We would consider that within the authority but he owes the money on this piece of land here. Unless we can relieve him of that obligation on this piece to move him to the other, if he buys the other piece it will be sold to him at the price it should be sold at.

Mr. POAGE. Under what authority will you sell it to him?

Mr. McLEAISH. Under this authority here. In other words, the Soil Conservation would have the sale of it.

Mr. POAGE. Let's find out about that because I think we ought to know some facts about this thing. I think everybody is assuming a lot and nobody is giving answers about that. What authority do you have to sell the rest of the land?

Mr. SMITH. You are right. This bill does not contain specific language authorizing exchange of units but the same purpose can be accomplished under the terms of this bill in this kind of manner. We find several of these project occupants who have already agreed to certain contracts, stated amounts in the contracts, to pay for units that they have purchased. Now if this bill is enacted we would have authority to enter into an arrangement whereby the farmer would deed that unit back to the Government and would become relieved of liability for the contract purchase price.

Mr. POAGE. Relieved of liability. This bill doesn't give you any authority to pay him anything?

Mr. SMITH. No.

Mr. POAGE. What will he use to pay for the new land?

Mr. SMITH. The Government could enter into a contract with him to buy another unit on the project at a sales price, at a price that he could afford to pay for it and do the development that would be necessary to put it into operable condition.

Mr. POAGE. The Senator told us about a boy with \$12,000 of his money invested in a waterfront farm. You can relieve him of the indebtedness he owes to the United States Government but you can't pay him back the \$12,000?

Mr. SMITH. No.

Mr. POAGE. You can't sell him a new tract of land for nothing. What authority do you have to sell him a new tract of land?

Mr. SMITH. If this bill were enacted we could sell another unit to this farmer at a price——

Mr. POAGE. I am asking you under what authority could you sell it.

Mr. SMITH. There is authority to sell in the Wheeler-Case Act itself.

Mr. POAGE. In the Wheeler-Case Act, and it requires you to charge him enough money to get your investment back, too. Now, if you charge him enough money for the new tract to get the investment back where will he get the money to pay it?

Mr. SMITH. I direct your attention to the latter part of this particular proposed bill which says that adjustments can be made in the sale price of units and under that language we would have authority if this bill were enacted to——

Mr. POAGE. Adjustments to be made in what sales price? I understand that to be sales price of the land you have already sold him.

Mr. SMITH. Plus that to be sold.

Mr. POAGE. Point out the line that involves that.

Mr. SMITH (reading):

or in the price at which project units are sold——

Mr. POAGE. What line is that?

Mr. SMITH. Line 11 on page 2.

Mr. POAGE. All right.

Mr. SMITH (reading):

In the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire development and establish successful farming operations on their farm units and repay such adjusted obligations.

We interpret that language to convey authority to the Department——

Mr. POAGE. Did a lawyer write this bill or did somebody just send it to a stenographer and ask her to write it?

Mr. SMITH. One of the Department attorneys wrote the bill.

Mr. POAGE. Did he mean to say that that is authority to sell lands? I think it is clear that is merely authority to adjust the price on land you have already sold. Now I realize that lawyers can always argue about things, but if they are going to correct these things, why don't we try to write language so we won't have another lawsuit and be before Congress next year? You know if you try to sell that land under this authority you will be right back up here next year.

Mr. SMITH. We don't think so, sir.

Mr. POAGE. I think you will. I don't think you can pass title to the land under this. I don't think the General Accounting Office——

Mr. SMITH. The authority to pass title is vested under the terms of the Case-Wheeler Act.

Mr. POAGE. I understand that and the Case-Wheeler Act in express words requires you to charge enough to get back the Government's investment.

I don't understand that this amends those provisions. It doesn't purport to be an amendment to those provisions. It purports to be something else. I don't think you can amend the Case-Wheeler Act by this kind of a vague reference. This thing is a matter of passing title. This is the thing that goes in your abstract. This is the thing that carries the title from one owner to another. I don't know that

title can ever pass on that kind of a vague wish. Let's write it plainly. I know this thing passed the Senate and nobody paid any attention to it, they never do, but this committee has some responsibility here. We are perfectly willing to try to write you a bill that will do the things you say you want done, but let's put it in language that will do that.

Mr. SMITH. We think this language is sufficient to give the Department authority—

Mr. POAGE. Are you a lawyer?

Mr. SMITH. Yes, sir.

Mr. POAGE. And you are willing to sign a title opinion, if you were practicing law, you are willing to sign an opinion that this passes title?

Mr. SMITH. I think this vests with the Department the authority we need to handle the thing.

Mr. ANDRESEN. I would like to ask you if there is any other area in the United States outside of South Dakota where this law would be applicable.

Mr. SMITH. Yes, sir; there is.

Mr. ANDRESEN. Where?

Mr. SMITH. There are some units in Colorado, Idaho, Montana, Nebraska, North Dakota, Wyoming. The Farmers' Home Administration is now servicing contracts totaling \$2,276,430 growing out of the sales of units in Wheeler-Case projects.

Mr. ANDRESEN. Do you have the same drainage and seepage situation in these areas?

Mr. SMITH. No, sir; we do not. That is my understanding, that the same problem does not exist with respect to seepage.

Mr. ANDRESEN. I would like to get some specific information on the other places. From the way we have the evidence before us now it would seem as though this bill largely applies to a few tracts in South Dakota.

Mr. SMITH. The South Dakota project was used as an example because it does have the seepage problem. It also has the problem of the sales price of the units versus the cost of further development on the units and that also is a problem on some of the other projects.

Mr. ANDRESEN. This is coming up in the last minute here. I haven't had the opportunity to study the evidence submitted to the Senate committee and I think we ought to have some specific illustrations from each area showing the number of people involved in each area. Can you furnish that information to the committee?

Mr. SMITH. Yes, sir; we can furnish that.

Mr. POAGE. Congressman Berry has been interrupted.

Mr. BERRY. I yield to the gentlemen of the committee.

Mr. POAGE. We will be glad to hear anything further.

Mr. BERRY. I don't think I have anything further. I am very anxious that something be done on this if possible at this session. The longer we wait the colder those kids will get this winter.

Mr. POAGE. Why didn't it come to us earlier in the session?

Mr. BERRY. You will notice that the bill was only introduced a short time ago because, we have been trying to work this thing out. As Senator Case said, he made a trip out there. I thought it was in April, but possibly it was in March. I think probably these gentlemen have been in my office and Senator Case's office a dozen times. We thought we could work this out administratively. It couldn't be

done. We have come here asking for this amendment so that we could take care of them.

Mr. POAGE. I want you to know we understand that problem and we appreciate your trying to do it before coming in, but I am sure you understand the problem that confronts us here in the last days of the session trying to pass on a thing upon which there is obviously so little information.

We want to know how much the land costs, how many people and how many projects where they are, why they are in the shape they are in. We have been given information about your project but I think the Department will admit they are not giving us information about these other projects and we have no idea where we are going. We are reaching out in the dark. We see these 4 or 5 people in South Dakota but don't know what sort of precipice we are going to step over in the rest of the Nation.

Mr. BERRY. I would say the whole thing is a bungled up thing, started under WPA, shifted over to something else and then something else and we have it in our laps.

Mr. POAGE. We have it in the same shape we have had it from the very beginning. If it was bungled in the beginning, it is still bungled, is a bungled mess right now.

We don't like to put our approval on that sort of thing and send it out.

Mr. HOEVEN. Mr. Berry, you made reference to the fact that this bill was introduced April 1, and I note it was reported in the Senate on July 20, 1950. It was pending in the Senate committee for over 3 months. Were any hearings held in the Senate?

Mr. BERRY. I can't tell you. I assume there were hearings on it.

Mr. HOEVEN. I don't know whether the assumption is warranted because, as the chairman says, the Senate passes out bills without much provocation. I am wondering if there is a record of hearings in the Senate that might be available.

Mr. SMITH. I don't know, sir. We did not appear before the Senate committee. I don't know if they had a meeting.

Mr. HOEVEN. Mr. McLeaish, did you appear before the Senate committee?

Mr. McLEAISH. No, sir.

Mr. LOVRE. Off the record.

Mr. POAGE. How many people will you foreclose between now and January?

Mr. McLEAISH. As far as production money, Mr. York made a close study of it, some of these people have borrowed about all they can borrow from the standpoint of production. There is imminent danger for some of them at present.

Mr. YORK. That is right. I believe 17 or 18 of these settlers have already borrowed over \$7,000 for operating credit and our limit is \$10,000. If those folks do not have a good year this year, they will be in trouble before another year roll arounds. Another thing I would like for you to consider is as far as the January proposition is concerned, that if a man doesn't make a go of it, doesn't see he is going to get some relief, as Congressman Berry pointed out, they without our foreclosing some of these will become discouraged and leave at the end of this year.

Mr. HAGEN. The chairman placed great emphasis on some kind of trading transaction but actually isn't it reasonable to assume that this

fellow getting seepage on his land, if he was permitted to reduce his debt obligation or otherwise become eligible to borrow money from some source, isn't it reasonable to assume he could correct part of that seepage condition himself, rather than moving off the land and acquiring another parcel?

Mr. McLEAISH. I come from an irrigated area and seepage can be corrected but in our area in Texas it takes a long period of years to correct the damage of seepage. It requires underground drainage usually to carry off that water and keep carrying it off.

Mr. HAGEN. What actually do you contemplate for these few farms, that efforts will be made to correct these conditions or that they will move off? What action do you contemplate?

Mr. McLEAISH. I think that in some of the cases where the seepage damage isn't too great, they could put in underground drainage or correct seepage by drainage of some sort and save part of the land.

In other cases the man will probably have to move away from the land entirely, move on to another piece of land.

Mr. HAGEN. What would be done in the majority of cases of this type? You don't contemplate a mass exodus to other pieces of land?

Mr. McLEAISH. The seepage problem applies to only 3 or 4. There are 17 or 18 where the land value probably arises. In other words, the land cost plus the cost of improving the property is in excess of what we could afford to lend them.

Mr. HAGEN. In other words, if you could give him a cheaper farming operation, he could make a go of it.

Mr. McLEAISH. Right.

Mr. POAGE. Any further questions?

Mr. LOVRE. Could Mr. Dominy of the Bureau of Reclamation shed any light on this?

Mr. POAGE. It seems we will have to shed all this light in January anyhow and we have two more bills.

STATEMENT OF FLOYD E. DOMINY, CHIEF OF THE DIVISION OF IRRIGATION, BUREAU OF RECLAMATION

Mr. DOMINY. Floyd E. Dominy, Chief of the Division of Irrigation, Bureau of Reclamation.

There are 16 WCU projects that were built under this special act in cooperation with the Bureau of Reclamation and the Department of Agriculture. All but two of those have been developed and settled, most of them immediately prior to the war years, a few immediately after the war years. The two that are still in settlement and development are the Angostura project in South Dakota and the Eden project in Wyoming.

Mr. POAGE. Then this plea that these are veterans applies only to these two projects?

Mr. DOMINY. There are veteran settlers on a good many of the projects, but to a 100 percent degree on the new lands only on the Eden and Angostura.

In other words, there are a lot of World War veterans who have farms on the other projects. A number of them like the Mirage Flats.

Mr. POAGE. Now, how did the other World War I veterans get there?

Mr. DOMINY. By application and purchase.

Mr. POAGE. Under the Jones-Bankhead Act you have got to have these fellows screened by a local committee and down in my country they turn down any old man who applies. I have seen them turn down a lot of fellows who were not as old as I am. They say they have to have a young family on these farms. Those World War I veterans weren't young back in 1940.

Mr. DOMINY. The point I want to make is for all practical purposes the application of this bill is limited pretty largely to the 12,000 acres on the Angostura project and the number spoken of here today and the Eden project, which is just now getting to the stage where the farms will be made available to the new settlers.

The Eden project will be between 17,000 and 20,000 acres of which 9,000 is already settled by men who have been there for years. The Eden project took the old 9,000 acres and expanded it to a maximum of 20,000 acres. There will be between 6,000 and 7,000 acres of new land that Agriculture controls, some of it is public land, but by special acts the Department of the Interior has put that into the control of Agriculture for settlement purposes.

There may be some of those where they will need this authority in working it out. I believe it will not be used except maybe in a few very rare instances in the other WCU projects because as far as I know those are settled and are being satisfactorily farmed.

Mr. POAGE. Let's find out this: Why aren't they settling this South Dakota project now? There is still about one-third of the land, I understand, that has not been settled.

Mr. DOMINY. The only land that remains to be settled is across the Cheyenne River served by a siphon. Last spring when the siphon was first completed and water was first delivered to the north side of the Cheyenne River through the siphon a leak developed. The bank shifted and the concrete siphon shifted with it and it took just enough time to repair that so it was not possible to make deliveries of water on the north side of the Cheyenne River during the past irrigation season. That was repaired and water is being delivered there this year on a test run basis. We did not believe, nor did Agriculture, that they ought to put farmers out there until we were certain that the siphon would hold.

It has been repaired in such manner that the engineers believe any further shifting will not disrupt the siphon.

Mr. POAGE. Then we can't do just what Senator Case suggested, moving these people back from the river back on higher land?

Mr. DOMINY. There is good land on the north side of the river served by this siphon that will be available for settlement, we believe, by this fall.

Mr. POAGE. Those fellows may be reluctant to move to the north side of the river after having had one sad experience and having doubt about whether that siphon will work.

Mr. DOMINY. I don't believe we should overemphasize the need for relocation. I think Mr. McLeaish has testified there is probably not over 2 or 3 that may fall in that category. The others need financial relief in terms of reducing indebtedness.

Mr. POAGE. Thank you very much.

Does any one else want to be heard on this bill?

If not, we thank all the witnesses who have been heard on this bill.

S. 2098—EXTENSION SERVICE APPROPRIATIONS

WEDNESDAY, JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

[S. 2098, 84th Cong., 1st sess.]

AN ACT To amend Public Law 83, Eighty-third Congress

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations, otherwise available under this Act."

(b) By renumbering section 8 to read section 9.

Passed the Senate June 17 (legislative day, June 14), 1955.

Attest:

FELTON M. JOHNSTON,
Secretary.

[S. Rept. No. 558, 84th Cong., 1st sess.]

EXTENSION SERVICE APPROPRIATIONS FOR LOW-INCOME FARMERS' PROGRAM

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2098) to amend Public Law 83, 83d Congress, having considered the same, report thereon with a recommendation that it do pass without amendment.

In a message to the Congress on April 27, 1955 (H. Doc. 149), the President forwarded a report from the Department of Agriculture on the problems of low-income farmers. Included in the recommendations of the Department was the proposal that the State extension services in the problem areas be given additional appropriations in order to develop a more coordinated program for farm people with low incomes. S. 2098 would authorize such appropriations as would be necessary to meet these special needs. While the bill does not limit the total amount of appropriations the amounts would be subject to approval each year by the Congress. It is further noted that the Department in its report on low-income farmers recommended that a pilot program be established to determine the proper aids necessary to help these farmers raise their standard of living.

The letter from the Department of Agriculture requesting enactment of S. 2098 is attached hereto as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., May 24, 1955.

The PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: There is transmitted herewith for the consideration of the Congress a draft of proposed legislation. It is proposed that the Smith-Lever Act be amended to make it possible for the Secretary of Agriculture, through the State extension services, to give special aid to farmers in agricultural areas which are at a disadvantage with respect to agricultural development because of special circumstances affecting such areas. The Smith-Lever Act, as amended by the act of June 26, 1953 (Public Law 83, 83d Cong.), would be further amended by this proposal to authorize the appropriation of funds for additional cooperative extension work in such areas. This would be done by inserting a new section 8 containing necessary provisions for this work, and renumbering the present section 8 to section 9. The allocation to the States of funds appropriated pursuant to this proposed new section would be determined by the Secretary of Agriculture on the basis of special needs in the areas described in the new section. This new section would not require that funds appropriated pursuant to it be matched by the States.

The report, Development of Agriculture's Human Resources, which the President has transmitted to the Congress for its study, states that educational programs in low income farm areas must differ from those in other areas. Special methods and techniques are needed to effectively reach the objectives outlined in the report. In many cases, community-wide interest and effort is needed. Thus, an extension program is proposed which will develop a coordinated program in cooperation with others concerned for the improvement of the opportunities afforded an important part of the Nation's human resources which now are contributing far less than they can to the economic progress of the Nation. The Extension Service, as a result of many years experience in planning and conducting educational programs in cooperation with local groups and other agencies, is well qualified to assist in the further development of these agricultural areas.

This Department recommends that the proposed legislation be passed.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely yours,

E. T. BENSON, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

"SMITH-LEVER ACT OF MAY 8, 1914, AS AMENDED

* * * * *

"SEC. 8. *In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act.*

"SEC. [8]9. The Secretary of Agriculture is authorized to make such rules and regulations as may be necessary for carrying out the provisions of this Act."

Mr. POAGE. I believe Mr. Scruben is here to testify on that bill.

STATEMENT OF L. M. SCRUBEN, ASSISTANT ADMINISTRATOR,
FEDERAL EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. SCRUBEN. It was the Department's understanding that the committee felt that S. 2098 was not definitive enough in its statement of purpose and operation. In an attempt to be more specific, both as to the conditions under which moneys would be expended and criteria under which the money would be expended, the Department at the request of the committee prepared this draft of a possible substitute of S. 2098.

In this draft we have specified the conditions under which moneys would be appropriated, we have specified the conditions under which the work would be performed.

Two limitations were placed in the proposed legislation, one that no more than 10 percent of any moneys appropriated under section 8, which this proposed bill provides, would go to any one State, and no more than 10 percent of such funds as appropriated under section 3 of the Smith-Leiber Act would be appropriated under provisions of section 8.

Those are essentially the further expansion and the attempt to clarify the provisions of the original amendment that was submitted and the original amendment as passed by S. 2098. We hope that the amendment, proposed amendment, or proposed substitution is satisfactory and that the legislation can go forward.

Mr. POAGE. Are there any questions?

Mr. HOEVEN. Did you appear before the Senate committee on behalf of the bill?

Mr. SCRUBEN. We did not.

Mr. HOEVEN. Do you know whether there were any hearings held on S. 2098 in the Senate?

Mr. SCRUBEN. To my knowledge there were not.

Mr. POAGE. Does any witness here know whether the Senate held any hearings? Nobody in the room knows whether the Senate held hearings on this bill, either.

Thank you very much. We appreciate the information.

S. 2098—EXTENSION SERVICE APPROPRIATIONS

TUESDAY, JULY 12, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met at 10 a. m., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Mr. Ferguson, I understand it will be necessary for you to leave early. We will take up S. 2098, and will be very glad to hear you now.

STATEMENT OF CLARENCE M. FERGUSON, ADMINISTRATOR, FEDERAL EXTENSION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. FERGUSON. Thank you, Mr. Chairman and members of the committee.

The purpose of this legislation is to further amend the Smith-Lever Act to permit the appropriation and authorization of funds to areas which are what we would term "disadvantaged areas," the low-income areas.

I think you recall that the original Smith-Lever Act as amended in 1953 sets forth a pattern of allocation of funds on the basis of population: 4 percent of the funds are set aside for special purposes and the remaining 96 percent is divided half on the basis of rural population and half on the basis of farm population.

The purpose of this proposed legislation is to amend the act to permit the Congress to appropriate, and permit the Secretary of Agriculture to conduct special work in these areas. These folks are at some disadvantage or what we sometimes call the low-income areas.

The present act does not permit us to place funds at the disposal of these particular States and counties because of the limitation of the formula pattern. We feel that if this act could be amended in this fashion that it would permit us to develop a program that we feel is rather badly needed in these area where incomes are low, where folks are at some disadvantage financially, and where there is rather serious need which is not adequately being met at the present time.

Of course it is not intended that this should be entirely a new extension program. It is believed that this program should also include the extension of credit in other services, but in order for the Extension Service to carry out its part of the program, which we have for these people, it would be necessary for us to have some change in the legislation if we are to provide additional help in these particular areas.

We have a feeling that a great deal can be accomplished in these areas to develop assistance to some of these individual families, and also in the development of a community or communitywide program. We feel that these folks can contribute a great deal more than they are currently contributing to the general economy of the Nation. We feel that there is a need for some greater opportunity for these folks in the community and, while we do not believe that all of these folks will stay in these communities, we feel that opportunities need to be made for them to expand their economic status by finding some occupation probably beyond agriculture, but for those who stay in agriculture, to help them develop a sounder economic unit for that particular family.

That, I think, Mr. Chairman, is the general gist of this very brief amendment which is proposed to the Smith-Lever Act.

I shall be glad to try to answer any questions that you or the members of the committee may have.

The CHAIRMAN. Thank you very much, Mr. Ferguson. I would like to ask you a question or two if I may.

Mr. FERGUSON. Yes.

The CHAIRMAN. I understand that the allocations now being made to the States and counties would continue and there would be reallocation within the State and the particular communities?

Mr. FERGUSON. The present money appropriated under the present act, Mr. Chairman, would be appropriated according to the present formula. This particular amendment would permit the Congress, at its discretion, to appropriate special funds for disadvantaged areas.

The CHAIRMAN. In addition to funds that are now being appropriated?

Mr. FERGUSON. Yes.

The CHAIRMAN. In other words, this would not in any way interfere with the normal operations of the money that is now available, and would not upset any of the programs at the State level.

Mr. FERGUSON. That is correct.

The CHAIRMAN. It would authorize the Congress to appropriate money in addition to that?

Mr. FERGUSON. Yes.

The CHAIRMAN. The Secretary of Agriculture could allocate those funds to any particular community where he deemed the need was greater?

Mr. FERGUSON. Yes.

The CHAIRMAN. What do you contemplate doing in these areas which you say are disadvantaged, insofar as agricultural development is concerned? Would it be added supervision in the production or harvesting of crops, or just what is contemplated?

Mr. FERGUSON. We had one session with all of the States. I think you are familiar with the report recently published by the Department, the development of agricultural human resources. We have had one session with the State directors of extension to explore just what the opportunities and possibilities are that might be done. As we see this situation, of course, it is varied from State to State and from situation to situation. For instance, in that meeting it became quite apparent that the problem, for instance, in northern Minnesota and northern Michigan, and the northern Minnesota situation is quite different than that we find in the southern Appalachian area. So each of the

States is going to have to look at it pretty largely from the standpoint of the particular problem that exists in that area.

However, in general we feel that the development of a good sound community-development program, where the family of the communities would be banded together to help them work out a solution in that particular county, some of it would involve probably the intensification of agriculture of that community; some of it may involve a careful study of what is now being done in the community agricultural area, and a study possibly of switching from whatever the current production is into some other type of production; some of it may involve the problem of some of these small units being combined, if adequate employment can be found for some of the families, either through the introduction of industry into that community, or possibly of these folks finding employment somewhere else.

The CHAIRMAN. You are speaking of human resources and the proposal now is to improve the social and economic standards of the people who are in these areas, where they are disadvantaged through agricultural development.

Mr. FERGUSON. Yes.

The CHAIRMAN. Is it contemplated that you will furnish only aid and assistance to landlords who are on an uneconomic unit, or is the program comprehensive enough to deal with the human resources element of the low income tenant families?

Mr. FERGUSON. It would be broad enough, Mr. Chairman, to influence the total community.

The CHAIRMAN. I beg your pardon?

Mr. FERGUSON. It would be broad enough to influence the total community.

The CHAIRMAN. You find in some communities, for instance in my State, some prosperous farmers, farmers who are on a self-sustaining unit, and you will find adjacent to that a farmer who does not have enough land to sustain himself adequately.

Mr. FERGUSON. That is right.

The CHAIRMAN. Right next to them you will find a tenant, probably living on land where there is absentee ownership of the land, where the landlord is not available to furnish assistance, and yet at the same time they are just as human as some of these small homeowners.

Mr. FERGUSON. I would put it this way, that while the primary effort will be toward helping the low-income families, in the area, some of that help is going to have to come indirectly through landlords and others in the community.

So I would say that while the direct assistance would doubtless come directly to the low-income families, that indirectly it would have to have the cooperation and assistance of the landlords and of the folks in that community.

The CHAIRMAN. Of course you would have to have that cooperation, but I know that in the early days we had the home demonstration work, and the county agents and the home demonstration agents often dealt with the better-off farmers.

Mr. FERGUSON. That is right.

The CHAIRMAN. And apparently they did not pay much attention to the low-income group.

Mr. FERGUSON. Yes.

The CHAIRMAN. And that brought into creation the Farm Security Administration, and the Farmers' Home Administration. We found that the Farm Security Administration was undertaking to give too much supervision to the people, and we created the Farmers' Home Administration and that seems to be doing a good job for the people with whom they are dealing.

Mr. FERGUSON. Yes.

The CHAIRMAN. I think that is one of the agencies that has been very free from criticism.

Mr. FERGUSON. That is right.

The CHAIRMAN. In the section of the country I came from, there are a great many tenants who actually receive no assistance in any way or any advice of any kind.

Mr. FERGUSON. I think the Extension has been criticized, Mr. Chairman, and probably justly so, for spending a high percentage of its time with the better-to-do, more-progressive farmers.

That comes about this way, that those folks press the county agent and press the home agents to assist them and it is only natural for them, when you have limited resources, that the resources tend to go in the direction from which the pressure comes.

This will be an attempt to avoid some of that tendency, and put some people in that particular work to work with people who are not getting their assistance.

The CHAIRMAN. The county agent works with certain definite groups usually, the same way with the home demonstration agent.

Mr. FERGUSON. Yes.

The CHAIRMAN. In other words, neither one of them does very much for the poor farmer; the Farm Security Administration and the Farmers' Home Administration look after their own clients, the people to whom they lend money.

Mr. FERGUSON. Yes.

The CHAIRMAN. And then you have another group of tenants.

Mr. FERGUSON. Yes.

The CHAIRMAN. Who are receiving no assistance; I know that because I know we have areas where I do not know of any county agent or home demonstration agent ever visiting anyone of them. And yet they are the human beings that you are talking about right now.

Mr. FERGUSON. Yes.

The CHAIRMAN. And that is the group I would like to see somebody help.

Mr. FERGUSON. That is exactly the group to which this program is directed.

The CHAIRMAN. All right. I am very happy to see it, because I know there are tenants, and there are landlords probably who are doing all they can for them; but often the landlord is not available to be of any assistance to them.

Mr. FERGUSON. That is correct.

The CHAIRMAN. Mr. Andresen?

Mr. ANDRESEN. Mr. Ferguson, you mentioned northern Minnesota. What do you propose to do in northern Minnesota to help these folks?

Mr. FERGUSON. Mr. Andresen, I had a visit with the director of extension of the northern tier of counties of Minnesota, and he told me there were some 17 counties in the area in northern Minnesota, which has a good many families in that area; he did not, at the time

I visited with him, talk with me, because the program had not advanced to the point where he knew the kind of program that would be developed in the State, but the area which he discussed, and which showed a need for some development, covered about 17 counties in northern Minnesota.

Mr. ANDRESEN. I would like to have some idea of what you propose to do up there; what they propose to do, to find out whether the program means more production of basic agricultural commodities, and of commodities of which we have a surplus now.

Mr. FERGUSON. Well, in discussing it with Mr. Rutherford just recently, I think one of the things he sees quite an opportunity for up there is in the field of farm forestry. I think he feels definitely that there is an opportunity there for the development of forestry to a considerable degree in that territory.

Mr. ANDRESEN. Of course that is being developed now through the Forest Service.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. And also through the State agency there?

Mr. FERGUSON. Yes.

Mr. ANDRESEN. Through the development of the forests and the farm crops and that sort of thing.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. So it would possibly involve a duplication of effort?

Mr. FERGUSON. No; it would not be a duplication of effort; there should not be. I should say that if they decide up in that area to have a program—and they would have to make the decision, Mr. Andresen, because I am not familiar enough with the area I have visited to express an opinion as to what would be done in that area—

The CHAIRMAN. Will the gentleman yield?

Mr. ANDRESEN. Yes.

The CHAIRMAN. You speak of areas. You might find an area where 90 percent of the farmers are prosperous and do not need this assistance in any way but in approximately the same area you find people who are not doing so well. You are not going to confine it to areas to the exclusion of the minority, where the majority in the area are not in distress and leave out those areas, are you?

Mr. FERGUSON. Eventually we would hope that a program of this kind might be developed generally because we hope it will develop opportunities in all of these areas and I have just mentioned the low-income areas.

The CHAIRMAN. You do not mean just certain areas? Where do you find low-income areas, up in northern Minnesota or southern Minnesota? southern Mississippi? There are low-income people in just about all areas.

Mr. FERGUSON. There are low-income people in all areas of the country.

The CHAIRMAN. I mean, there may be more in certain areas than others.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. Is it the purpose of this proposal to take care of the low-income people?

Mr. FERGUSON. The purpose of this proposal is to give more assistance to those folks who are economically disadvantaged because,

as I think Mr. Cooley has pointed out to you, there has been a tendency in some of the assistance programs to work with the more prosperous groups, because the pressures come from those families for assistance.

Mr. ANDRESEN. Would this be in the nature of a point-4 program for the United States?

Mr. FERGUSON. I do not know that I could make that comparison, Mr. Andresen.

Mr. ANDRESEN. I assume that it would teach people to do things that they do not know how to do now.

Mr. FERGUSON. I think the program has to have many facets to it, not only will it help people to do a better job with their land facilities and their natural resources which they have to work with but also we feel that there is need for very close cooperation with the Department of Health, Education, and Welfare in developing a general education program to help those folks, too, and provide opportunities for them which will permit them to move into other areas or into other occupations.

Mr. DIXON. Will the gentleman yield?

The CHAIRMAN. Any further questions?

Mr. Johnson.

Mr. JOHNSON. I notice you made reference to northern Minnesota and northern Michigan but not to Wisconsin.

Mr. FERGUSON. Yes. If I omitted Wisconsin, I intended to add Wisconsin.

The CHAIRMAN. Mr. Dixon?

Mr. DIXON. Last year our State agricultural college received about \$35,000 additional money with the instruction that we should employ more county agents and assistant county agents and that these men should be expert in farm management, that they should go to these low-income farms and the farms that were in uneconomical units and figure out what part of their activity paid and what part of their activity they were losing on, and try to develop with the farmer a plan that would help him to become self-supporting and operate his farm at a profit.

Is this act designed to do that same thing to a greater extent?

Mr. FERGUSON. To a greater extent. I think that the method has been emphasized last year and will be further emphasized and can be further emphasized under this act, Mr. Dixon.

Mr. DIXON. There is no direct aid in connection with it?

Mr. FERGUSON. No.

Mr. DIXON. To the farmer himself? No direct financial aid at all?

Mr. FERGUSON. No.

Mr. DIXON. I wish to commend it; I think it is one of the finest ideas that I have ever seen to help the low-income farmers. I saw it work last year and it proved to be a good thing.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. Mr. Ferguson, would there be an attempt made to make sure that each State had some part of these funds; that is, is the criteria as to low-income areas flexible enough so that each State would have some part of these funds proportionately, perhaps, rather than let the program be set up and become concentrated perhaps on a regional basis?

Mr. FERGUSON. No; I do not think it would be set up on a regional basis. I think that every State would have an opportunity to look at the situation and make the decision for itself.

Mr. McINTIRE. Thank you.

The CHAIRMAN. Mr. Hagen?

Mr. HAGEN. Mr. Ferguson, as I understand it, this is the administration's program for the small farmer, and I am just wondering about it. The New Deal struggled with the so-called marginal farmers for years—and they had some programs which were valuable, which possibly suffered from lack of sufficient appropriation, and we still have the problems. There are not as many problems, perhaps, with sharecroppers and as to the number of tenants, and we have had improvements made since the late thirties, up to date.

What kind of a new approach is this, if it is a new approach, or what kind of a bold approach is it to this kind of a problem? As I say, this is the administration's program for the small farmer. Is this not a kind of wishy-washy way to go about that problem?

Mr. FERGUSON. I would say that this particular phase of it, Mr. Hagen—the total program, of course, envisions very close cooperation with Health, Education, and Welfare, with Labor and with Commerce, with the idea that in areas where it is possible industry will be encouraged to move in and provide, for many of these families, some part-time employment. The part that the Extension Service will play in this will be particularly for those families who are remaining on that land to help them to do the best possible job they can to develop an economic unit, with further opportunities to develop such things as 4-H Clubs and activities of that kind, and to give some of the families an opportunity to explore the possibility at least of other occupations.

Mr. HAGEN. In other words, to get off the farm?

Mr. FERGUSON. That is right; I think some of them may want to do that; they are actually, if you take the Nation as a whole, in the high income and low income, both; only about 50 percent of the youngsters who are now on the farm are going to stay on the farm. And in the low-income areas—I do not know just what that figure is, but I understand it is somewhat higher, for those who are leaving the farm. And I think we also have to say that with these people from these communities have come some very fine leadership, some very excellent leadership has grown out of these communities. That, I think, should be encouraged.

Mr. HAGEN. For example, what are you going to say to a tenant who is farming 20 acres of cotton, or some other crop, and he gives the landlord a percentage of the crop, and I am not sure what the practice is everywhere, but sometimes it may be a third or a half, and the landlord probably directs what he grows on that land. What kind of advice are you going to give him?

Mr. FERGUSON. I think if I were assigned to that particular situation, as a county Extension worker, the first thing I would want to do with that particular family or group of families is to find out from them just what kind of a situation they want to find themselves in in the future, whether they want to go along with that kind of an economy or whether they want to do something else from that. Then I think we would have to sit down and work with them on what

could be done. It may mean more land; and if it means more land, it may mean displacing somebody and that somebody is going to have to find a profitable occupation someplace else.

If it does not mean more land, it may mean a change in the type of crop produced. For instance, I have recently run across an example in one county where they introduced the growth and production of strawberries in the county. And they have done very well in boosting the income of that county through the development of a new crop, and a new source of income which had not been provided, and a new crop that had not been provided in that community.

I think there are opportunities of that kind that would have to be worked out on the ground with the folks in the community, and in relation to the markets that are there currently, and the potential markets that could be developed.

Mr. HAGEN. However, you do not think that is the complete answer to the problem of those farmers? You do not have some definite recommendation or program that you would want to present?

Mr. FERGUSON. Oh, definitely.

Mr. HAGEN. For those who are on the land?

Mr. FERGUSON. Oh, definitely. If he is going to stay there and he has a credit problem, then it would be a matter of working out his own management program on that farm. And it seems to me that we ought to be able to help him to see what his credit needs and where he can get the credit and the kind of credit that he needs and that sort of thing.

Mr. HAGEN. I think we also might very well consider—if you are going to encourage this man to seek industrial employment—the alternative to abandoning the farm as part-time employment, I think there is something else that we should be concerned with and that is the question of the minimum wage he receives.

Mr. FERGUSON. That is right.

Mr. HAGEN. Because that contributes materially to his economic level.

Mr. FERGUSON. That is right.

Mr. HAGEN. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Ferguson, is it contemplated that the States and counties will contribute to this particular activity of the Federal Government in the same fashion as this program is now carried on?

Mr. FERGUSON. Definitely it is, Mr. Cooley. This particular provision of the act would not require matching of funds.

The CHAIRMAN. It would not require them?

Mr. FERGUSON. It would not require matching of funds, for this reason, that many of these counties and communities have difficulties, you see, because of the relatively low tax base.

The CHAIRMAN. That is the point. You say it will not require matching funds?

Mr. FERGUSON. It would not.

The CHAIRMAN. Is it contemplated that in some counties they might, with funds made available under this authority, that they might employ Extension workers to work with these local communities?

Mr. FERGUSON. That is the intention, yes.

The CHAIRMAN. Mr. Lovre.

Mr. LOVRE. Mr. Ferguson, as I understand it, the main objective of this amendment is to more or less provide counsel and advice to the individual farmers, is it not?

Mr. FERGUSON. Yes.

Mr. LOVRE. And coordinate the various programs that the Government is operating now?

Mr. FERGUSON. That is correct.

Mr. LOVRE. And undoubtedly it will be some time before you can have definite programs set up; those are the things that will have to be developed later?

Mr. FERGUSON. I think it will take some time and any attempt now would simply be a guess. What we are proposing here is a study to try, in about 50 counties, to see what we can do, what would be good for them, what we can accomplish, and how the program will work out.

Mr. LOVRE. In other words, about 50 pilot plant operations?

Mr. FERGUSON. Yes. Take counties where we can develop the idea and see how it works out.

Mr. LOVRE. And those counties will be spread throughout the country?

Mr. FERGUSON. Yes.

Mr. LOVRE. And in various types of agriculture?

Mr. FERGUSON. Yes.

Mr. LOVRE. That is all, Mr. Chairman.

The CHAIRMAN. Mr. King?

Mr. KING. Mr. Ferguson, in what way does this enlarged authority add to the authority that the Department of Agriculture now has?

Mr. FERGUSON. The only thing it does, Mr. King, is to amend the act to permit Congress to appropriate funds outside the formula. The present Extension funds are all allocated to States on a formula basis. This would permit the Congress, from time to time, as it saw fit, to appropriate funds outside the formula, for this particular purpose, to assist low income families.

Mr. KING. This assistance would be in the form of instruction; you are not contemplating funds that would be paid out in cash to the farmers?

Mr. FERGUSON. No; not through Extension.

Mr. KING. It is not a relief program?

Mr. FERGUSON. No. The Extension phase about which we are concerned here, and about which this legislation specifically deals, will bear only on the educational phase. I think you will find that the Farmers' Home Administration and the Soil Conservation and other services are expected to expand their efforts in these same areas. That will be a collateral effort; it will be a joint effort on the part of the various agencies concerned.

Mr. KING. Does this just expand the Extension work or is this setting up another agency?

Mr. FERGUSON. This just expands the Extension work.

Mr. KING. Expands it?

Mr. FERGUSON. Yes.

Mr. KING. Why not just expand the Extension program?

Mr. FERGUSON. The Extension Service, the present law, allocates the funds on a formula basis and the money does not meet the needs in these areas which have a high percentage of low-income families.

Mr. DIXON. And it requires matching now?

Mr. FERGUSON. And it requires matching; yes. And in many of these cases the counties do not have adequate tax base.

The CHAIRMAN. Inadequate what?

Mr. FERGUSON. Tax base, local tax base.

The CHAIRMAN. Mr. Laird?

Mr. LAIRD. Are there Extension workers available now to fill these jobs?

Mr. FERGUSON. Yes. We have not had much trouble in securing Extension agents to fill the jobs.

Mr. LAIRD. Have you selected any of the demonstration counties?

Mr. FERGUSON. No.

Mr. LAIRD. Have you asked for recommendations from the State directors?

Mr. FERGUSON. No. We have had a meeting with the State directors in anticipation of this program and they are, at the present time, developing committees and working with the various States to see what they will come up with. The selection of the counties and the final analysis of what the program must be, of course, must be at the State and county level.

Mr. LAIRD. Thank you.

The CHAIRMAN. Mr. Matthews.

Mr. MATTHEWS. Mr. Ferguson, I had the pleasure of serving for about 7 years—7 years assisting the 4-H Club program in Florida—and naturally I am in favor of everything that the Extension is doing. This sounds like a very fine program and I want to emphasize 1 or 2 things that have been pointed out.

One of the problems which you have now, because of the matching formula under the present act, is that you cannot go into these little low-income areas and give them that special type of service which they need.

Mr. FERGUSON. Not to the extent we believe they are needed; no.

Mr. MATTHEWS. Then actually the purpose of this legislation is to permit you, as has been indicated, to expand your service?

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And get into these areas that need help at the present time which you feel you have not been able to help?

Mr. FERGUSON. Yes. We feel that there are many areas that need special help that we are not able to give them at the present time, under this formula.

Mr. MATTHEWS. Now, Mr. Ferguson, I was particularly interested in your comment that some of this increased activity would reflect itself in the 4-H Club work and I know you are familiar with this, but I could tell you a very wonderful story of how that one organization has raised the standard of the agricultural people in my area to an almost unbelievable extent. I think the program of youth training, which has always been so good, also needs to be expanded, and certainly is one of the fine fields where additional work needs to be done.

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And I am very much pleased with it.

Mr. FERGUSON. I am sure that that is very important, Mr. Matthews, because, after all, I guess where we will do our most good is with the generation that is growing up.

Mr. MATTHEWS. I know you will have some systematic way of

getting these pilot counties. I imagine—and I read the President's report with regard to these low-income areas——

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And possibly you would go into those areas to select your counties?

Mr. FERGUSON. Yes.

Mr. MATTHEWS. After proper consultation with the State officials?

Mr. FERGUSON. With the State people; yes.

Mr. MATTHEWS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Ferguson.

We have several other bills for consideration and we will have to move along.

Mr. FERGUSON. Thank you, Mr. Chairman.

(Whereupon the committee proceeded to the consideration of other business.)

S. 1757—INSPECTION OF AGRICULTURAL COMMODITIES

WEDNESDAY JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

[S. 1757, 84th Cong., 1st sess.]

AN ACT To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 203 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby amended by adding at the end thereof the following new sentence: "Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both."

SEC. 2. The farm produce inspection clause contained in various appropriation Acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby repealed.

Passed the Senate June 17 (legislative day, June 14), 1955.

Attest:

FELTON M. JOHNSTON,
Secretary.

[S. Rept. No. 562, 84th Cong., 1st sess.]

INSPECTION OF AGRICULTURAL COMMODITIES—PENALTIES

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill, which was introduced at the request of the Department of Agriculture, would: (1) remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and (2) expand and tighten provisions for such penalties.

Section 14 (b) of the Perishable Agricultural Commodities Act (7 U. S. C. 499n (b)) now provides penalties for forgery of inspection certificates issued under that act, the Produce Agency Act of March 3, 1927 (7 U. S. C. 491-497), "or any Act making appropriations for the Department of Agriculture." The Department of Agriculture appropriation acts for 1954 and preceding years contained appropria-

tions "for investigating and certifying, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered."

This language was omitted from the 1955 and 1956 acts since authority for such inspection is authorized by the Agricultural Marketing Act of 1946 and other laws. The 1955 appropriation act provided simply for carrying on "service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U. S. C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith."

This change in appropriation language raises the question as to whether inspection certificates issued under the Agricultural Marketing Act of 1946 are issued under an "Act making appropriations for the Department of Agriculture" and so covered by the penalty provisions of section 14 (b) of the Perishable Agricultural Commodities Act (which is the only act providing penalties for forgery of such inspection certificates issued under the Department's authority). Practically all inspections now carried on under the Department's authority, except those for cotton, tobacco, naval stores, and commodities covered by the United States Grain Standards Act, are carried on under the Agricultural Marketing Act of 1946. Those for fresh and frozen fruits and vegetables could be carried on under the Perishable Agricultural Commodities Act, but as a matter of fact are carried on under the 1946 act. S. 1757 by inserting a penalty provision in the Agricultural Marketing Act of 1946 covering inspection certificates issued under that act would remove any doubt as to the penalty for forging such certificates. It would also tend to reduce the confusion which has existed heretofore as a result of prosecutions being brought under the Perishable Agricultural Commodities Act for forgery of inspection certificates for commodities not subject to that act.

The penalty provision which would be added to the Agricultural Marketing Act of 1946 by S. 1757 is more inclusive and stricter than the penalty provision of the Perishable Agricultural Commodities Act in the following respects:

(1) It covers violations of such regulations as may be issued to govern the use of inspection certificates, memoranda, marks, and devices. This authority might be used to cover such things as possession of grade stamps, destruction or preservation of certificates, and use or reuse of marked bags. One matter that it is intended to cover is the use of the letters "U. S. D. A." and grade designations on meat.

(2) It is applicable to memoranda, marks, identifications, and devices, as well as inspection certificates. Thus forgery of grade stamps would be covered.

(3) It covers the use, as well as publication or utterance, of false material. Thus a retailer who knowingly used false certificates uttered by his supplier would be covered.

(4) It omits the requirement of the Perishable Agricultural Commodities Act that the act be done "for a fraudulent purpose." Proof of this element has created some problems in the past.

(5) As introduced, it covers false or deceptive representations in connection with any United States standard or service issued or authorized under the Agricultural Marketing Act of 1946. Insofar as this provision is applicable to inspection services, it would prevent false advertising, false labeling of display counters, and similar practices, and your committee believes this to be a proper purpose. Insofar as it applies to other services authorized under the act, it might cover deceptive representation in connection with marketing or cost studies, market information, or any service designed to facilitate the marketing, distribution, processing, and utilization of agricultural products through commercial channels. Your committee feels that this would go beyond the intended scope of the bill and recommends that this provision be limited to standards and inspection services.

(6) It provides for a maximum fine of \$1,000 instead of \$500. Violations would continue to be misdemeanors under 18 United States Code 1 since the maximum term of imprisonment would be 1 year.

Any rules issued under the proposed provision would be required by section 3 of the Administrative Procedure Act (5 U. S. C. 1002) to be published in the

Federal Register. Section 4 of that act provides for advance notice and an opportunity for interested persons to submit views before such rules may become effective.

The committee amendments would (1) make it clear that possession of true certificates, etc. contrary to the Secretary's regulations, or possession of false certificates, etc. without notifying the Secretary, would be covered by the bill; (2) limit the bill to wrongdoing in connection with inspection, grading, and certification services; and (3) repeal the farm produce inspection clause and the provisions of the Produce Agency Act which provide for the inspection of agricultural commodities. The provisions to be repealed duplicate in part the authority contained in the Agricultural Marketing Act of 1946, and are no longer used or needed.

The letter from the Department of Agriculture requesting this legislation is attached.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., April 13, 1955.

The VICE PRESIDENT,
United States Senate.

DEAR MR. VICE PRESIDENT: There is transmitted herewith for consideration by the Congress proposed legislation to amend the Agricultural Marketing Act of 1946. The amendment provides additional safeguards against forgery or alteration of inspection certificates, unauthorized use of official grade marks or designations, and false or deceptive reference to United States grade standards or services.

Under existing legislation a provision of the Perishable Agricultural Commodities Act of 1930 provides for a fine or imprisonment, or both, for forgery, alteration, or other misuse of inspection certificates issued under that act or under any act making appropriations for the Department of Agriculture (7 U. S. C. 499n (b)). This is the only statute protecting the integrity of such certificates issued by the Department or by Federal-State permissive inspection or grading services for meat, dairy, poultry, fruits, vegetables, and related products. In the fiscal year 1954 and prior years the annual agricultural appropriation acts authorized the inspection and grading of agricultural commodities and the issuance of appropriate certificates therefor. Similar authority for such inspection and grading services was also provided in the Agricultural Marketing Act of 1946. In the interest of simplifying the appropriation language by eliminating therefrom language for which there was adequate authority in other acts, the 1955 appropriation no longer refers to the issuance of certificates for inspection and grading services. Such certificates are issued under authority of the Agricultural Marketing Act of 1946, which does not contain a penalty provision such as that in the Perishable Agricultural Commodities Act. To clarify this matter, particularly since a criminal penalty is involved, and to assure continuation of this protection for all inspection certificates, this proposed legislation is needed. It is desirable to amend the Agricultural Marketing Act rather than the Perishable Agricultural Commodities Act since the basic provisions of the latter act are applicable only to fresh and frozen fruits and vegetables, while this safeguard for official certificates applies to all commodities.

It is proposed that the statute be further amended to prohibit the unauthorized use of official grade marks or designations and the making of false or deceptive references to United States grade standards or inspection services. Inspection or grading for quality by the USDA is an integral part of the marketing function for many of these important agricultural products. False, deceptive, or unauthorized marks or claims concerning the United States grades or the Government inspection relating thereto are detrimental to the best interests of the producer, distributors, and consumers. At present the Department has no direct protection for itself or for the public against such practices.

The amendment includes the imposition of a fine not to exceed \$1,000 for violation of the act. This is consistent with provisions of other laws under which the inspection and grading of agricultural commodities are authorized.

Additional funds, if any, required for the administration of the act by reason of the enactment of this statute would be small and would depend on the regulations issued governing the use of official grade marks.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this proposed legislation.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 203 (b) OF THE AGRICULTURAL MARKETING ACT OF 1946

“(h) To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection. Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as *prima facie* evidence of the truth of the statements therein contained. *Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both.*”

FARM PRODUCE INSPECTION CLAUSE CONTAINED IN 1954 AND PRECEDING APPROPRIATION ACTS (7 U. S. C. 414)

“§ 414. Investigation and certification of condition, etc., of any agricultural commodity or food product offered for interstate shipment

“[Investigations and certifications are authorized, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered.]”

SECOND, THIRD, AND FOURTH SENTENCES OF SECTION 1 OF THE PRODUCE AGENCY ACT OF MARCH 3, 1927

“[The Secretary of Agriculture shall by regulation provide for the making of prompt investigations and the issuing of certificates as to the quality and condition of produce received in interstate commerce or in the District of Columbia, upon application of any person, firm, association, or corporation shipping, receiving, or financially interested in, such produce. Such regulations shall designate the classes of persons qualified and authorized to make such investigations and issue such certificates, except that any such investigation shall be made and any such certificate shall be issued by at least two disinterested persons in any case where such investigation is not made by an officer or employee of the Department of Agriculture or of any State or political subdivision thereof or of the District of Columbia. A certificate made in compliance with such regulations shall be *prima facie* evidence in all Federal courts of the truth of the statements therein contained as to the quality and condition of the produce; but if any such certificate is put in evidence by any party, in any civil or criminal proceeding, the opposite party shall be permitted to cross-examine any person signing such certificate,

called as a witness at the instance of either party, as to his qualifications and authority and as to the truth of the statements contained in such certificate.”

Comparison of the language of section 14 (b) of the Perishable Agricultural Commodities Act with the language proposed to be added by S. 1757 to section 203 (h) of the Agricultural Marketing Act of 1946 (language contained only in section 14 (b) is enclosed in black brackets; language contained only in S. 1757 is printed in italic; language contained in both is shown in roman):

“Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure [to be falsely made, issued, altered, forged, or counterfeited], or [willingly] aid, [cause, procure or] assist in, or be a party to, such violation, [the] false making, issuing, altering, forging, or counterfeiting [of any certificate of inspection issued under authority of this Act, the Produce Agency Act of March 3, 1927 (7 U. S. C., sec. 491-497), or any Act making appropriations for the Department of Agriculture;], or whoever knowingly shall utter [or], publish, or use as true or cause to be uttered [or], published, or used as true any such false, [forged,] altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or service issued or authorized under this Act [for a fraudulent purpose, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than \$500 or by imprisonment for a period of not more than one year, or both, at the discretion of the court] shall be fined not more than \$1,000 or imprisoned not more than one year, or both.”

Mr. POAGE. On this bill Mr. Lennartson is here.

STATEMENT OF ROY W. LENNARTSON, DEPUTY ADMINISTRATOR FOR MARKETING SERVICE, AGRICULTURAL MARKETING SERVICE; CLARENCE E. GIRARD, OFFICE OF THE GENERAL COUNSEL; AND NATHAN KOENIG, SPECIAL ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. LENNARTSON. I appreciate the opportunity to appear before the committee here to discuss the intentions of H. R. 6744 which is reflected in Senate bill 1757.

Mr. POAGE. Let me ask you, Did you appear before the Senate?

Mr. LENNARTSON. The Senate I understand did not hold hearings on the bill.

Mr. ANDRESEN. I would like to ask you and your staff wherein does this bill change existing law and what is the need for change?

Mr. LENNARTSON. Mr. Andresen, what we are seeking here is some additional safeguards against the alteration of our official inspection certificates, the unauthorized use of official grade marks, and the false or deceptive reference to official grade standards and the services we perform.

Mr. ANDRESEN. Don't you have any law now that prohibits the unofficial use of grade marks?

Mr. LENNARTSON. We do under the Perishable Agricultural Commodities Act, but that is basically designed to protect only fresh fruits and vegetables. What we are seeking here is some legislation which will protect not only fresh fruits and vegetables but meats, dairy and poultry products and things of that nature.

Mr. ANDRESEN. Will you cite just what the trouble is and the reason you want this law?

Mr. LENNARTSON. I think I can give you a specific illustration. It is happening frequently with respect to the grading of meat. Federal meat grading has become an extremely important industry of merchandising, with the result that we are finding too frequently people or firms who are developing fictitious rollers and rolling that meat, implying that it has been officially graded. If we were servicing a firm under the Inspection Service and found them doing that, we could naturally withdraw any privileges of further use of the Service to them.

In that respect we can take care of that but we find too many instances where this type of activity is growing on the part of people who do not use the Service and our hands are tied with respect to imposing any penalties upon them.

Mr. ANDRESEN. Then you say you found cases where they used the Government grading roller and roll it over the meat?

Mr. LENNARTSON. It isn't a Government grade roller. It is a roller they have developed indicating it is an official roller.

Mr. ANDRESEN. It is a counterfeit roller?

Mr. LENNARTSON. Yes.

Mr. ANDRESEN. Can't you do anything about that?

Mr. LENNARTSON. We cannot, unfortunately.

Mr. ANDRESEN. You can do something if there is counterfeit money or counterfeit postage stamps.

Mr. LENNARTSON. We have no power under our present authority to penalize them or take them to court.

Mr. GIRARD. Under the Perishable Agricultural Commodities Act we could impose criminal sanctions for forging of certificates. When they use a roller they are not forging any Government certificate, they are going out and misrepresenting to the public that something has been inspected when in fact it has not been inspected.

The other aspect of the need for the legislation is that under the Perishable Agricultural Commodities Act the certificate forgery violations apply only to the inspection of farm commodities under that act or the annual appropriations act.

Since 1954 specific authority has not been included in the annual appropriations act for inspection of farm commodities. We are relying on the authority contained in the Agricultural Act of 1946. Consequently, there is a serious question to whether we could impose any sanctions in connection with the forging of official inspection certificates where we are making the inspection under the Agricultural Act of 1946 rather than the annual appropriation act or the Perishable Agricultural Commodities Act.

So it is necessary that we have that aspect of the situation clarified so that we can move against those who alter or forge inspection certificates under the so-called permissive inspection services.

Mr. ANDRESEN. Does this illegal stamping of meat take place in regular packing plants?

Mr. LENNARTSON. It could be in a jobber. It could be done in the marking place. In one place we found it was done in the truck when the truck was en route.

Mr. ANDRESEN. That was on meat that was slaughtered outside of the packing plant?

Mr. LENNARTSON. It could have been slaughtered—we are talking about grading. If it is under inspection and the plant is under BA

inspection, the meat could be properly inspected. We are addressing ourselves to grading for quality which could be done after it left the plant. That is normally where it is done.

Mr. ANDRESEN. As I recollect some of this took place during the war years when we had rationing, but I don't know whether you were with the Department then or not.

Mr. LENNARTSON. I was in the Army.

Mr. ANDRESEN. In the same branch?

Mr. LENNARTSON. With the Quartermaster Market Center in the Army.

Mr. HOEVEN. Do these violations relate only to meat or to other agricultural products?

Mr. LENNARTSON. We find them relating occasionally to other, but primarily in the meat field.

Mr. HOEVEN. Do they relate to vegetables?

Mr. LENNARTSON. Yes, you have occasional instances where they relate to dairy and poultry products, fruit and vegetables.

Mr. GIRARD. With respect to poultry our more frequent violations are claims that poultry has been United States inspected or graded when in fact they have not been so inspected or graded, and there is nothing we can do about that. This bill of course would cover that situation.

Mr. KING. Do I understand correctly that you propose substitute language for this bill to make it different from the printed bill we have?

Mr. LENNARTSON. That is correct. Subsequent to the passage of Senate 1575, representatives from industry came in and discussed this matter with us, feeling that probably the authority in the Senate bill was too broad for our objective. Frankly, we agree with them that it probably is too broad in that through regulation the Department could possibly go beyond the area of the official inspection service or the official inspection service. Our purpose, frankly, was to limit our authority here to the official inspection services and the official inspection certificates and marks. So we are agreeable and in fact joined with them in developing some substitute language which modifies the Senate bill.

Mr. KING. Do you have that substitute language?

Mr. LENNARTSON. The substitute language has been furnished to the counsel of the committee. Mr. Girard is in position to point out the minor differences that do occur in the two.

Mr. POAGE. We will be glad to hear from him.

Mr. LENNARTSON. We have a copy of the language we are in agreement on.

Mr. HOEVEN. Section 2, you propose to repeal certain provisions relating to farm-produce inspection laws. What do you repeal?

Mr. GIRARD. With respect to section 2 we have no objection to that. The section merely eliminates some duplicating language which the Department is not utilizing as authority for inspection. Of course there is a question as to whether the codified language which is contained in 7 U. S. C. 714, which is no longer continued in the appropriation bills, still obtains.

Mr. HOEVEN. You have no objection to repealing the section?

Mr. GIRARD. No, sir. As a matter of fact, I have prepared a comparison of the language in S. 1757 with the language of the

proposed substitute and I have several copies here which I will be glad to make available to the committee.

Mr. POAGE. This proposed substitute is approved by the trade as well as by the Department?

Mr. GIRARD. That is correct. This substitute only changes the Senate bill in several respects. Firstly, it deletes the criminal sanction for violations of the regulations of the Department of Agriculture, makes only a crime the violations specified in the act itself. Now of course in that connection I think we should point out that to determine whether something is an official memorandum, certificate, mark, or device it will need a regulation of the Department as to describe what would constitute such an official memorandum and so on. To that extent the regulations would have some effect upon your prosecution, but the prosecutions would not be for violation of the regulation but rather a violation of this provision of the act.

Secondly, the industry thought that we were too broad and general with respect to any false or deceptive representation in connection with the service.

Now you will note in the substitute we are merely proposing to make it a crime for any representation that an agricultural product has been officially graded or inspected when in fact it has not been. Of course when a person utters a false or forged certificate, mark, or device, he is guilty of a misrepresentation but that type of misrepresentation would be covered with specific language applicable to that type of act.

Mr. ANDRESEN. You require that must be done knowingly?

Mr. GIRARD. That is right. We also inserted, at the suggestion of industry, that it be knowingly done so as to avoid any inadvertant or innocent violation or being subject to criminal action.

Mr. ANDRESEN. Wouldn't the fact that a seller of such product, putting a stamp on it, wouldn't that be prima facie evidence he did know?

Mr. GIRARD. Very definitely. But still he could come in and show that that was not the case, that he didn't know that the product which he was handling was subject to any violations by other persons in which he did not participate. In other words, he is innocent of any wrongdoing. I think while we would have a prima facie case it could be rebutted by evidence he would present and even in our investigation if it disclosed he was innocent of wrongdoing or any knowledge we wouldn't refer the matter to the Department of Justice.

Mr. ANDRESEN. You are proposing the language in the draft as a substitute?

Mr. GIRARD. Yes. It only modifies the Senate language in two important respects and inserts the word "knowingly" and also describes the various memoranda as being official memoranda rather than just general memoranda which may be used in connection with the service.

Mr. KING. Just one question. Is there anything in the proposed language here that in any way limits the use of secondhand packages which may have a previous grade mark, which may have a grade mark put on by a previous user.

Mr. GIRARD. I would interpret the amended language as well as Senate language as precluding that unless the grade of the commodity which is put in the used package does meet that grade. In other

words, if they put it in a used sack labeled U. S. No. 1 and the product is U. S. No. 1, there is no violation, but if they merchandise something in a container which is erroneously labeled, it seems to me they are knowingly falsely misrepresenting or using a United States grade designation for a commodity, they are using it falsely.

Mr. KING. Not with willful deception, however, in all cases where secondhand packages are used buyers get them and they are usually used on a product not sold by grade. In the vegetable business is there anything in this bill that will require a user of secondhand packages to go over all his secondhand packages and eliminate grade marks put on by the previous user—it would kill the secondhand package business.

Mr. GIRARD. He would have to represent it as an official grade. If he put it out he may have a prima facie case of a violation if we show he has been representing by word, act, or label that the commodity has been inspected, when in fact it has not.

For example, if he should put out containers which said United States Government inspected and approved, or passed or graded or what have you, then if he starts merchandising commodities in that type of container, I think that he is representing falsely that the commodity in those containers has been inspected, even though those containers may have been used previously legitimately after such inspection.

Mr. KING. He wouldn't be in trouble if he used a package that has a U. S. No. 1 grade stamp on it if he is selling merchandise that doesn't sell by grade at all.

Mr. GIRARD. No.

Mr. KING. There are a lot of farmers who fear any legislation that would require them to eliminate all grade marks from secondhand packages because it would be very expensive.

Mr. LENNARTSON. Some of the industry representatives feared that.

Mr. KING. A lot of merchandise sells without any pretense of grade.

Mr. PoAGE. Are there further questions?

Are there further statements from you gentlemen?

Does any one else in the room want to make a statement about this bill?

Mr. KITCHENS. I am C. W. Kitchens, United Fresh Fruit and Vegetable Association. We were among those who objected to the language of the Senate bill as being too broad. We have been conferring with representatives in the Department of Agriculture and we are satisfied with the substitute that is offered this morning.

Mr. PoAGE. If there is nothing further, we will adjourn.

(Whereupon, at 11:50 a. m. the committee was recessed subject to call.)



84TH CONGRESS
1ST SESSION

S. 2098

IN THE SENATE OF THE UNITED STATES

MAY 27 (legislative day, MAY 2), 1955

Mr. ELLENDER (by request) introduced the following bill; which was read twice
and referred to the Committee on Agriculture and Forestry

A BILL

To amend Public Law 83, Eighty-third Congress.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Smith-Lever Act, as amended (7 U. S. C. 341
4 and the following, supp. 1), is further amended as follows:

5 (a) By adding a new section, following section 7, to
6 read as follows:

7 “SEC. 8. In order to further the purposes of section 2
8 in agricultural areas which, because of special circumstances
9 affecting such areas, are at a disadvantage insofar as agri-
10 cultural development is concerned, and to encourage com-
11 plementary development essential to the welfare of such

1 areas, there is hereby authorized to be appropriated such
2 sums as the Congress from time to time shall determine to
3 be necessary for payments to the States, Alaska, Hawaii, and
4 Puerto Rico on the basis of special needs in such areas as
5 determined by the Secretary of Agriculture. Sums appro-
6 priated in pursuance of this section shall be in addition to,
7 and not in substitution for, appropriations otherwise avail-
8 able under this Act.”

9 (b) By renumbering section 8 to read section 9.

84TH CONGRESS
1ST SESSION

S. 2098

A BILL

To amend Public Law 83, Eighty-third
Congress.

By Mr. ELLENDER

MAY 27 (legislative day, MAY 2), 1955
Read twice and referred to the Committee on
Agriculture and Forestry

tariff reductions reducing tariff rates existing on January 1, 1955, in stages of not more than 5% in each of 3 years, or negotiate reduction in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent. Amends the escape clause to modify the standards for determining injury to a domestic industry. Grants the President additional authority to control imports of any article which is found to be entering in such quantities as to impair the national security. Requires the President and the Tariff Commission to report annually to the Congress on the operation of the trade agreements program.

8. CROP INSURANCE. Received from the Comptroller General the audit report on the Federal Crop Insurance Corporation, for the fiscal year ended June 30, 1954 (p. 6994). The House received this report on June 14 (H. Doc 180) (p. 6990).

9. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1713, to amend the mining laws to provide for multiple use of the surface of the same tracts of the public lands (S. Rept. 554) (p. 6996).

10. ~~PROPERTY; EXTENSION WORK; LOW-INCOME FARMERS.~~ The Agriculture and Forestry Committee reported without amendment S. 2097, ~~to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (S. Rept. 557); and S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (S. Rept. 558) (p. 6996).~~

11. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (S. Rept. 559) (p. 6996).

12. APPLE PRICES. The Agriculture and Forestry Committee reported without amendment H. R. 5188, to prohibit USDA prediction of apple prices, (S. Rept. 560) (p. 6996).

13. FARM LOANS; RECLAMATION. The Agriculture and Forestry Committee reported with amendments S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (S. Rept. 561) (p. 6996).

14. COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1956. Continued debate on this bill, H. R. 6367 (pp. 7006, 7060-70). Agreed to the committee amendment increasing forest highways (p. 7069).

15. MARKETING; EXPERIMENT STATIONS; GRAIN STANDARDS. The Agriculture and Forestry Committee reported with amendments S. 1757, to provide penalties for false grade marking (S. Rept. 562); S. 1759, to consolidate experiment station authorizations (S. Rept. 563); and S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (S. Rept. 564) (p. 6996).

16. EMERGENCY LOANS. The Agriculture and Forestry Committee ordered reported with amendment S. 1582, to extend the period for the making of emergency loans for agricultural purposes (D. 556).

17. WATER CONSERVATION. Sen. Carlson inserted a resolution of the Coffeyville, Kans. Chamber of Commerce urging consideration of flood control and water pollution measures on the Big Hill Creek (p. 6995).

18. WHEAT. Sen. Neuharger urged that the "two-price" wheat plan be considered and inserted a newspaper article commenting on the recently announced wheat price supports (pp. 7003-4).

Sen. Langer inserted a portion of his remarks published by the Wall Street Journal citing the distressed position of wheat farmers who are unable to find proper storage facilities for their wheat crops (p. 7004).

19. INSECTS. Sen. Langer inserted a report from the North Dakota Insect and Pest Reporting Service listing and describing all the insects which are now prevalent throughout the Northwest (pp. 7004-5).

20. GRAIN BINS. Sen. Humphrey was again very critical of the Agriculture Department's alleged "bungling" of storage bin construction (pp. 7005-6).

BILLS INTRODUCED

21. RUBBER. S. 2242, by Sen. Kilgore, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of the Government-owned rubber-producing facility at Institute, W. Va.; to Banking and Currency Committee (p. 6997).

22. LANDS. S. 2246, by Sen. Mundt, to authorize the sale of certain lands to the city of Wall, S. Dak.; to Agriculture and Forestry Committee (p. 6997).

23. SURPLUS PROPERTY. S. 2247, by Sen. Saltonstall, relating to the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government property under the control of executive agencies; to Government Operations Committee (p. 6997).

24. FARM LABOR. S. 2248, by Sen. Saltonstall, to amend the Refugee Relief Act, as amended, to provide a certain number of visas for persons of ethnic Armenian origin; to Judiciary Committee (p. 6997).

25. RECLAMATION. S. 2251, by Sen. Welker, to authorize the Secretary of the Interior to construct, operate, and maintain in the upper Snake River Valley, Idaho and Wyo., the Narrows Federal reclamation project and a reregulating reservoir below the Palisades Dam and Reservoir; to Interior and Insular Affairs Committee (p. 6997).

26. FOREIGN TRADE. S. 2253, by Sen. Ellender (for himself and others), to re-emphasize trade development as the primary purpose of title I of the Agricultural Trade Development and Assistance Act of 1954; to Agriculture and Forestry Committee (p. 6997).

27. FARM PROGRAM. H. R. 6835, by Rep. Gathings, "to amend the Agricultural Act of 1954;" to Agriculture Committee (p. 7130).

H. R. 6836, by Rep. Gathings, "to amend the Agricultural Act of 1938, as amended;" to Agriculture Committee (p. 7130).

H. R. 6845, by Rep. Watts, "to further amend the Agricultural Adjustment Act of 1938;" to Agriculture Committee (p. 7130).

28. WILDLIFE. H. R. 6844, by Rep. Young, to provide that accumulated receipts in the Federal aid to wildlife restoration fund shall be appropriated; to amend the Wildlife Restoration Act (16 U. S. C., secs. 669-669i), defining "wildlife restoration project;" to Merchant Marine and Fisheries Committee (p. 7130).

EXTENSION SERVICE APPROPRIATIONS FOR LOW-
INCOME FARMERS' PROGRAM

JUNE 15 (legislative day, JUNE 14), 1955.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany S. 2098]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2098) to amend Public Law 83, 83d Congress, having considered the same, report thereon with a recommendation that it do pass without amendment.

In a message to the Congress on April 27, 1955 (H. Doc. 149), the President forwarded a report from the Department of Agriculture on the problems of low-income farmers. Included in the recommendations of the Department was the proposal that the State extension services in the problem areas be given additional appropriations in order to develop a more coordinated program for farm people with low incomes. S. 2098 would authorize such appropriations as would be necessary to meet these special needs. While the bill does not limit the total amount of appropriations the amounts would be subject to approval each year by the Congress. It is further noted that the Department in its report on low-income farmers recommended that a pilot program be established to determine the proper aids necessary to help these farmers raise their standard of living.

The letter from the Department of Agriculture requesting enactment of S. 2098 is attached hereto as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
*Washington 25, D. C., May 24, 1955.*The PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: There is transmitted herewith for the consideration of the Congress a draft of proposed legislation. It is proposed that the Smith-Lever Act be amended to make it possible for the Secretary of Agriculture, through the State extension services, to give special aid to farmers in agricultural areas which

are at a disadvantage with respect to agricultural development because of special circumstances affecting such areas. The Smith-Lever Act, as amended by the act of June 26, 1953 (Public Law 83, 83d Cong.), would be further amended by this proposal to authorize the appropriation of funds for additional cooperative extension work in such areas. This would be done by inserting a new section 8 containing necessary provisions for this work, and renumbering the present section 8 to section 9. The allocation to the States of funds appropriated pursuant to this proposed new section would be determined by the Secretary of Agriculture on the basis of special needs in the areas described in the new section. This new section would not require that funds appropriated pursuant to it be matched by the States.

The report, Development of Agriculture's Human Resources, which the President has transmitted to the Congress for its study, states that educational programs in low income farm areas must differ from those in other areas. Special methods and techniques are needed to effectively reach the objectives outlined in the report. In many cases, community-wide interest and effort is needed. Thus, an extension program is proposed which will develop a coordinated program in cooperation with others concerned for the improvement of the opportunities afforded an important part of the Nation's human resources which now are contributing far less than they can to the economic progress of the Nation. The Extension Service, as a result of many years experience in planning and conducting educational programs in cooperation with local groups and other agencies, is well qualified to assist in the further development of these agricultural areas.

This Department recommends that the proposed legislation be passed.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely yours,

E. T. BENSON, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SMITH-LEVER ACT OF MAY 8, 1914, AS AMENDED

* * * * *

SEC. 8. *In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act.*

SEC. [8]9. The Secretary of Agriculture is authorized to make such rules and regulations as may be necessary for carrying out the provisions of this Act

Calendar No. 563

84TH CONGRESS
1ST SESSION

S. 2098

[Report No. 558]

IN THE SENATE OF THE UNITED STATES

MAY 27 (legislative day, MAY 2), 1955

Mr. ELLENDER (by request) introduced the following bill; which was read twice
and referred to the Committee on Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955

Reported by Mr. ELLENDER, without amendment

A BILL

To amend Public Law 83, Eighty-third Congress.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Smith-Lever Act, as amended (7 U. S. C. 341
4 and the following, supp. 1), is further amended as follows:

5 (a) By adding a new section, following section 7, to
6 read as follows:

7 “SEC. 8. In order to further the purposes of section 2
8 in agricultural areas which, because of special circumstances
9 affecting such areas, are at a disadvantage insofar as agri-
10 cultural development is concerned, and to encourage com-
11 plementary development essential to the welfare of such

1 areas, there is hereby authorized to be appropriated such
2 sums as the Congress from time to time shall determine to
3 be necessary for payments to the States, Alaska, Hawaii, and
4 Puerto Rico on the basis of special needs in such areas as
5 determined by the Secretary of Agriculture. Sums appro-
6 priated in pursuance of this section shall be in addition to,
7 and not in substitution for, appropriations, otherwise avail-
8 able under this Act.”

9 (b) By renumbering section 8 to read section 9.

84TH CONGRESS
1ST SESSION

S. 2098

[Report No. 558]

A BILL

To amend Public Law 83, Eighty-third
Congress.

By Mr. ELLENDER

MAY 27 (legislative day, MAY 2), 1955

Read twice and referred to the Committee on
Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 20, 1955
For actions of June 17, 1955
84th-1st - No. 102

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HIGHLIGHTS: Senate passed bill to prohibit USDA prediction of apple prices. Ready for President. Senate passed bills to: transfer to USDA certain real property in Virgin Islands; authorize additional extension work for low-income farmers; provide penalties for false grade marking; consolidate experiment station authorizations; protect grain standards. Senate debated defense appropriation bill. Senate com-

(Cont'd. on p. 4)

SENATE

1. APPLE PRICES. Passed without amendment H. R. 5188, to prohibit this Department from predicting apple prices in any official publication (pp. 7342-3). This bill will now be sent to the President.
2. PROPERTY. Passed without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corpora-tion (p. 7341).
3. EXTENSION WORK. Passed without amendment S. 2098, to authorize additional ap-propriations for cooperative extension work among low-income farmers (p. 7341).
4. EMERGENCY LOANS. The Senate Agriculture and Forestry Committee reported with amendment S. 1582, to extend the period for making emergency loans for agri-cultural purposes (S. Rept. 574) (p. 7283).
5. MARKETING. Passed as reported S. 1757, to provide penalties for false grade marking (p. 7343). The bill would strengthen provisions to prevent deception in connection with inspection of agricultural commodities and would increase the maximum fine from \$500 to \$1,000.
6. EXPERIMENT STATIONS. Passed as reported S. 1759, to consolidate experiment sta-tion authorizations (pp. 7343-5). The bill would prevent allotments from shifting with shifts in relative rural and farm population; freeze the amount earmarked by section 9 of the Bankhead-Jones Act for marketing research at the amount so earmarked in 1955; and repeal a provision exempting the Georgia

experiment station from the Secretary's authority to withhold funds from stations not complying with the act.

7. GRAIN STANDARDS. Passed as reported S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (p. 7345).
8. WATER COMPACT. Passed without amendment H. R. 208, providing for a water compact between Arkansas and Oklahoma (p. 7333). This bill will now be sent to the President.
9. ROADS. Passed as reported H. R. 5923, to authorize appropriations for the completion of the Inter-American Highway (p. 7334).
10. FARM LOANS; RECLAMATION. Passed as reported S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (p. 7343).
11. GENERAL GOVERNMENT AGENCIES APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 6499 (S. Rept. 573) (p. 7283).
12. DEFENSE DEPARTMENT APPROPRIATION BILL, 1956. Began debate on this bill, H. R. 6042 (pp. 7332, 7350-1, 7354-8).
13. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1849, to provide for the granting of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (S. Rept. 576) (p. 7283).
The Government Operations Committee reported with amendments S. J. Res. 21, to establish a Commission on Government Security (S. Rept. 581) (p. 7283).
14. REORGANIZATION. The Government Operations Committee agreed to refer to its Subcommittee on Reorganization the eight Hoover Commission reports and draft legislation received thus far by the committee (S. Rept. 581) (p. 7283).
15. LAND TRANSFERS. Discussed and passed over upon objection by Sen. Morse H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (pp. 7341-2).
16. RECLAMATION; ELECTRIFICATION. Sen. Mansfield inserted his statement favoring the construction of the proposed Yellowtail Dam (p. 7287).
Sen. Watkins inserted his statement in answer to various charges made by Raymond Moley against reclamation programs in the West (pp. 7325-31).
17. ELECTRIFICATION. Sen. Neuberger criticized the administration's power policies and inserted newspaper articles on this subject (pp. 7288-90).
18. OPERATION ALERT. Sen. Humphrey criticized this Department for certain statements sent to farmers during Operation Alert, and stated that "this part of the operation might well be termed 'Operation Foul-up'" (pp. 7349-50).
19. WATER POLLUTION. Passed as reported S. 890, to extend and strengthen the Water Pollution Control Act (pp. 7334-8).

question is on the third reading of the bill.

The bill (H. R. 6410) was ordered to a third reading, read the third time, and passed.

TRANSFER OF CERTAIN REAL PROPERTY IN ST. CROIX, VIRGIN ISLANDS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 562, Senate bill 2097.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2097) to authorize the transfer to the Department of Agriculture, for agricultural purposes, of certain real property in St. Croix, V. I.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON of South Carolina. Mr. President, before the bill is passed, I ask unanimous consent to have printed at this point in the RECORD a statement which I send to the desk.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF S. 2097

This bill would direct the transfer of certain real property by the Virgin Islands Corporation, a wholly owned Government corporation, to the Department of Agriculture. The Department is presently using this property under a cooperative agreement for the research and extension program recently established for the Virgin Islands. It is desirable that the Department have permanent possession of these facilities so that it can make needed improvements and undertake long-range research.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2097) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Virgin Islands Corporation is authorized and directed to transfer and convey to the United States of America upon request of the Secretary of Agriculture, without cost, the real property comprising 60 acres more or less, together with the buildings and improvements thereon, occupied and in use by the Department of Agriculture, which property is adjacent to the southwest corner of the intersection of Centerline Road and Airport Road on the island of St. Croix, V. I.: *Provided,* Upon the transfer and conveyance of such property by the Virgin Islands Corporation to the United States, the interest-bearing investment of the United States in the Corporation shall be reduced by the net book value of such property.

EXTENSION SERVICE APPROPRIATIONS FOR LOW-INCOME FARMERS' PROGRAM

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 563, Senate bill 2098.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2098) to amend Public Law 83, 83d Congress.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON of South Carolina. Mr. President, the bill was reported unanimously from the Committee on Agriculture and Forestry. I now send to the desk a brief statement, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF S. 2098

This bill, which is a part of the President's program to assist low-income farmers, would authorize appropriations to meet the special needs of underdeveloped agricultural areas for extension service. The amounts appropriated for the purposes of the bill would be additional to the amounts now authorized for allotment on the basis of special needs by sections 3 (b) and 3 (c) of the Smith-Lever Act.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2098) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations otherwise available under this act."

(b) By renumbering section 8 to read section 9.

CONVEYANCE OF CERTAIN TRACT OF LAND IN MACON COUNTY, GA.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 564, House bill 2973.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 2973), to provide for the conveyance of all right, title, and interest of the United States in a certain tract of land in Macon County, Ga., to the Georgia State Board of Education.

Mr. JOHNSTON of South Carolina. Mr. President, the bill was reported unanimously from the Committee on Agriculture and Forestry. I ask unanimous consent to have printed at this point in the RECORD a statement regarding the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF H. R. 2973

This bill provides for transfer to the Georgia State Board of Education of reversionary rights and reserved mineral rights in approximately 226 acres conveyed to the board in 1945 for school and community purposes. It appears that the property will continue to be used for those purposes and that this transfer is necessary to enable the board to qualify for additional improvements from State funds; 39.8 percent of the interests to be transferred are held for the Georgia Livestock Development Authority, and 60.2 percent are held for the United States.

Mr. MORSE. Mr. President, this is the bill I had in mind a few minutes ago, when I referred to Calendar 546. At that time I was advised, inaccurately, that Calendar 564, House bill 2973, had been passed. I then referred by mistake to Calendar 546, instead of Calendar 564, House bill 2973, the bill I had in mind.

Of course, Mr. President, the distinguished senior Senator from New Mexico [Mr. CHAVEZ] the Chairman of the Committee on Public Works, has always been an enthusiastic supporter of the Inter-American Highway, the subject of Calendar 546, House bill 5923.

I wish to address myself to the bill to which the Senator from Texas [Mr. JOHNSON] has just referred, namely Calendar 564, House bill 2973, providing for the conveyance of all right, title, and interest of the United States in a certain tract of land in Macon County, Ga., to the Georgia State Board of Education.

I wish to offer an amendment to House bill 2973. So far as I know, this is the first time in this session of Congress that a bill has been proposed which has sought to transfer Federal property rights to a State without any compensation whatsoever. The objective of this bill is good, but it is proposed to transfer a Federal reversionary interest in this property.

A reversionary interest is worth something. It can be appraised. I think it is a great mistake, in one session of Congress, to pass a property and retain in the Federal Government a reversionary interest in mineral rights, which is what the Congress did when this property was transferred in the first instance to the educational system of Georgia, and, in another session of Congress, complete the deal by another bill, which transfers the reversionary interest.

I do not know how much this reversionary interest is worth. I do not think it is worth very much, but that is for the appraisers to determine. Of course, it might be worth a great deal, if it should come to pass that oil or mineral deposits should be found on this piece of property.

I think we have gone a long way in the Senate in recent years in establishing a very sound policy in the disposal of Fed-

eral property, when we have required, in most instances, with very few exceptions, that a State or local government unit pay 50 percent of the appraised fair market value of the Federal interest in the property which is to be transferred.

Mr. JOHNSON of Texas. Mr. President, inasmuch as the distinguished chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER] is not present, and inasmuch as neither of the distinguished Senators from Georgia is in the Chamber, the distinguished senior Senator [Mr. GEORGE] being indisposed, as my friend knows, and inasmuch as we were unable to get word in advance to the junior Senator from Georgia [Mr. RUSSELL], I wonder if it would be agreeable to the Senator from Oregon to pass on to another bill, and consider this proposed legislation at a later date, when the Senator's amendment can be offered and we can obtain the reactions to it when we have more time. Several Senators are interested in bills which it is desired to consider. I do not wish action on the bill to be taken in the absence of the chairman of the Committee on Agriculture and Forestry, if any question is involved.

Mr. MORSE. It is perfectly satisfactory to me to defer consideration of the bill, with the understanding that I may send to the desk an amendment to the bill, in order that it may be printed and await future consideration.

The PRESIDING OFFICER. Without objection, consideration of the bill will be deferred; and, without objection, the amendment submitted by the Senator from Oregon will be printed and lie on the table.

Mr. MORSE subsequently said: Mr. President, I wish to make a brief statement in connection with calendar 564, H. R. 2974, so that the authors of the bill will have a complete record before them when they come to study my amendment tomorrow.

As I was saying, I believe this is the first bill in this session of Congress—at least it is the first to my knowledge—in which it is proposed to transfer Federal property interests without any compensation whatever to the Federal Government. As I said earlier, before I agreed to let the bill go over, we have gone a long way in the Senate in recent years in saving the taxpayers of this country millions of dollars—in fact hundreds of millions of dollars—by requiring payment to the Federal Government for the transfer of property to local governmental agencies.

When the property is to be transferred for public use, the standard formula has become 50 percent of the appraised fair market value of the property. When the transfer is for private use, it has been 100 percent of the appraised fair market value.

In all fairness to the proponents of the bill, I wish to say that with respect to this piece of property it was first transferred in the year 1945. That was before the Morse formula came into being in the Senate.

When the property was first transferred there was a reversionary clause attached to the conveyance, reserving in the people of the United States a rever-

sionary interest in the mineral and oil rights in the property.

I do not believe it is controlling in the premises, so far as the instant situation is concerned, that this property was originally transferred before the Morse formula came into being, because the Morse formula pertains to all Federal proprietary interests in federally owned property.

Therefore the question before the Senate is a very simple one. The question is: Is this reversionary interest of value to the taxpayers of the United States. The answer is in the affirmative. It has a value, which is now vested in the people of the country, for which the State of Georgia should pay 50 percent of the appraised fair market value. There is no question about this property going to public use, although it is interesting that in the committee report there is no assurance that the property will always be used for educational purposes. The committee in effect states that, so far as it knows, the State of Georgia intends to continue to use it for educational purposes. However, there is nothing binding about it. Once we transfer the reversionary interest, the State could proceed to use it for any purpose it pleased. Once the State has vested in it the fee simple title it can do with it what it pleases. It has possession of the property. There are no strings attached.

I do not think we should start making exceptions in the Senate with regard to these matters. I believe we have done a remarkably fine job in such cases by requiring some payment for Federal property. That has not been an easy course for the senior Senator from Oregon since 1946. I have had my ears battered down, if I may say so good naturedly, and there have been times when muscle tensions have not been particularly relaxed toward the senior Senator from Oregon on the part of some of his colleagues.

Nevertheless, the overwhelming majority of my colleagues have said—just as one colleague said to me not more than 15 minutes ago in the cloakroom—“If you will just stick to it, and insist on your formula without exception, I will back you up.” I happen to know that that is the private opinion of an overwhelming majority of my colleagues.

I believe the proponents of the bill, when they come to reflect upon it, particularly when they consider the fact that the reversionary interest will probably not run into a great amount of money, will agree that the Morse formula should be attached to the bill. That means that the State of Georgia, in order to get the reversionary interest, will have to pay 50 percent of the appraised fair market value.

If we start making an exception in the case of this bill, where will the end be? Merely because we have an item before us which may not run into many dollars, I do not believe we can justify violating a very sound public policy principle which has been established by the Morse formula.

We are dealing here with 264 and a fraction acres of land. I hope that when the bill comes up its proponents will voluntarily agree on the floor of the

Senate to accept my amendment, which is on file at the desk, and which calls upon the State of Georgia to pay 50 percent of the appraised fair market value for the reversionary interest.

Because some Senators who are not lawyers may believe that this is not of great importance as a matter of principle, let me point out that a reversionary interest in property can become exceedingly valuable. If, hypothetically speaking, oil or a valuable mineral deposit should be found on the land, we would recognize how important is the principle for which I am fighting on the floor of the Senate.

Mr. President, I am rather proud of the fact that since 1946 there has been saved for the taxpayers of the United States, through the application of the Morse formula, in excess of \$450 million in property, including property covered by bills which have come before us with the formula written into them, but not counting, of course, those pieces of property which if the gates had been wide open would have been transferred for the benefit of local constituents.

I hope my friends in the Senate who are proponents of the bill will not feel unkindly toward me because I have once again taken the same position with respect to this bill that I have taken with respect to all other bills involving the same problem. I hope the proponents of the bill will study the amendment and read my remarks so that when it comes up again I will hear them say, “Although we would prefer that the Senator from Oregon did not insist in such a stickler fashion, we are in accord with the principle and we are willing to accept the amendment.”

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. JOHNSTON of South Carolina. We all agree that the Senator from Oregon has always interceded in matters of this kind and has objected to giving reversionary rights unless they are paid for. We expected him to do the same at this time. But at the present time the two Senators from Georgia are absent, and we wished, for that reason, to have the bill go over.

Mr. MORSE. That is perfectly satisfactory.

PROHIBITION OF PUBLICATION OF APPLE PRICES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 565, House bill 5188.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 5188) to prohibit publication by the Government of the United States of any prediction with respect to apple prices.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

84TH CONGRESS
1ST SESSION

S. 2098

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

AN ACT

To amend Public Law 83, Eighty-third Congress.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Smith-Lever Act, as amended (7 U. S. C. 341
4 and the following, supp. 1), is further amended as follows:

5 (a) By adding a new section, following section 7, to
6 read as follows:

7 "SEC. 8. In order to further the purposes of section 2
8 in agricultural areas which, because of special circumstances
9 affecting such areas, are at a disadvantage insofar as agri-
10 cultural development is concerned, and to encourage com-
11 plementary development essential to the welfare of such

1 areas, there is hereby authorized to be appropriated such
2 sums as the Congress from time to time shall determine to
3 be necessary for payments to the States, Alaska, Hawaii, and
4 Puerto Rico on the basis of special needs in such areas as
5 determined by the Secretary of Agriculture. Sums appro-
6 priated in pursuance of this section shall be in addition to,
7 and not in substitution for, appropriations, otherwise avail-
8 able under this Act.”

9 (b) By renumbering section 8 to read section 9.

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 2098

AN ACT

To amend Public Law 83, Eighty-third
Congress.

JUNE 20, 1955

Referred to the Committee on Agriculture

15. **MARKETING.** The Agriculture Committee reported with amendment S. 1757, providing penalties for violations of grade marking standards of products in interstate commerce under the Agricultural Marketing Act (H. Rept. 1468) (p. 10133).
16. **EXTENSION WORK.** The Agriculture Committee reported with amendment S. 2098, authorizing appropriations to be used for agricultural extension work for special circumstances in regard to low-income farmers (H. Rept. 1409) (p. 10134).
17. **RICE.** The Agriculture Committee reported with amendment H. R. 7367, providing that the 1956 national acreage allotment on rice shall be established which is less than 85% of the final allotment established for the immediately preceding year (H. Rept. 1462) (p. 10133).
18. **FARM LABOR.** Received the conference report on H. R. 3822, which provides a $3\frac{1}{2}$ year extension (until June 30, 1959) of the Mexican farm-labor program, relieves employers of double liability for the cost of returning a worker to Mexico where the employer has paid once for such movement but the Mexican does not return and is later apprehended, and specifies that the Secretary of Labor is to obtain information on the availability of domestic workers, prevailing wage rates, and labor shortages in the area, and then post publicly the number of workers to be imported (H. Rept. 1499) (pp. 10090-1).
19. **COMMODITY CREDIT CORPORATION.** Received the conference report on H. R. 2851, authorizing the distribution of agricultural commodities owned by the CCC to persons in need in areas of acute distress (H. Rept. 1450) (p. 10091). The bill authorizes the Secretary of Agriculture, until June 30, 1957, upon request of a State Governor, to distribute to a central point in the State concerned, wheat flour and corn meal owned by the CCC using Sec. 32 funds limited to \$15 million a year.
20. **WATER RESOURCES.** Received the conference report on H. R. 3990, to authorize the Secretary of the Interior to investigate and report to the Congress on projects for the conservation, development, and utilization of the water resources of Alaska (H. Rept. 1447) (p. 10089).
21. **ROADS.** Rejected, by a vote of 123 to 292, H. R. 7474, the Federal-aid highway construction bill (pp. 10091-10122). The House had previously rejected a motion to recommit the bill by a vote of 193 to 221. The Dondero substitute, to enact the President's road program, was rejected by a vote of 178 to 184. During the debate on the bill, Rep. Gavin criticized the farm leaders of the House on their concept of "fiscal responsibility" in regard to farm subsidies and price supports. Rep. Jones, Ala., offered an amendment which was accepted, preventing the use of highway construction funds to reimburse utilities for relocation of their lines when in conflict with the construction program; and during debate on this amendment there was discussion of the extent to which it would have benefited REA cooperatives.
22. **FOREIGN AID.** Received the conference report on H. R. 7224, the mutual security appropriation bill (H. Rept. 1501) (pp. 10122-3).
23. **DEFENSE PRODUCTION.** The Rules Committee reported a resolution for the consideration of H. R. 7470, to amend the Defense Production Act (p. 10124).
24. **FARM-CITY WEEK.** A subcommittee of the Judiciary Committee ordered reported to the full committee H. J. Res. 317, designating the last week in October of each year as National Farm-City Week (p. D796).

25. **SURPLUS GRAINS.** Rep. Reuss criticized the Interior Department for allegedly "winking at duck-baiting violations," and suggested that deteriorated surplus grains owned by the CCC should be used for wildlife feeding purposes (pp. 10128-9).
26. **PERSONNEL.** The Post Office and Civil Service Committee reported with amendments the following bills: H. R. 7618, to amend Sec. 8 of the Civil Service Retirement Act (H. Rept. 1473); and S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (H. Rept. 1498) (pp. 10133-4).
- The Post Office and Civil Service Committee ordered reported H. R. 3255, to amend the Classification Act of 1949, to prevent loss of salary after an employee has held a position for more than 2 years (p. D796).
- The Post Office and Civil Service Committee announced the appointment of the following investigative subcommittees under authority of H. Res. 304: Subcommittee on Manpower Utilization and Departmental Personnel Management (Rep. Davis, Ga., Chairman), and Subcommittee on Civil Service Commission and Personnel Programs (Rep. Morrison, Chairman) (p. D796).
- A subcommittee of the Judiciary Committee ordered reported to the full committee claims of Federal employees for the recovery of fees, salaries, or compensation (p. D796).
27. **PROPERTY.** The Government Operations Committee reported without amendment H.R. 6182, to make temporary provision for making payments in lieu of taxes with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments (H. Rept. 1453) (p. 10132).
- The Government Operations Committee reported with amendment H. R. 7227, to authorize the disposal of surplus property for civil defense purposes, and to provide that certain Federal surplus property be disposed of to State and local civil defense organizations which are established by or pursuant to State law (H. Rept. 1455) (p. 10133).
28. **MINIMUM WAGE.** The conferees on S. 2168, to amend the Fair Labor Standards Act of 1938 so as to provide for an increase to \$1 of the minimum wage provisions agreed to file a conference report (p. D797).
29. **RECLAMATION; ELECTRIFICATION.** The Public Works Committee reported with amendment H. R. 7195, to provide for the reconveyance of lands in certain reservoir projects in Texas to the former owners (H. Rept. 1461) (p. 10133).
- The Interior and Insular Affairs Committee reported without amendment H.R. 1603, to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects (H. Rept. 1502) (p. 10134).
- The Aspinall subcommittee of the Interior and Insular Affairs Committee approved for reporting to the full committee H. R. 4719, to authorize construction and maintenance of the Hells Canyon Dam (p. D795).
30. **MINERALS.** The Interior and Insular Affairs Committee reported with amendments H. R. 6994, to provide for entry and location, on discovery of a valuable source material upon public lands of the U. S. classified as or known to be valuable for coal (H. Rept. 1478) (p. 10133).
31. **LEGISLATIVE PROGRAM.** The Majority Leader scheduled consideration of H. R. 6455, the natural gas bill, for July 28. When questioned about House adjournment, the Majority Leader replied, "I would say we can reasonably expect to do so (adjourn) by next Tuesday or Wednesday. That would be my best guess." (p. 10124.)

EXTENSION SERVICE APPROPRIATIONS FOR LOW- INCOME FARMERS' PROGRAM

JULY 27, 1955.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the
following

R E P O R T

[To accompany S. 2098]

The Committee on Agriculture, to whom was referred the bill
(S. 2098) to amend Public Law 83, 83d Congress, having considered
the same, report favorably thereon with an amendment and recom-
mend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and substitute:

That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1),
is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"Sec. 8. (a) The Congress finds that there exist special circumstances in certain
agricultural areas which cause such areas to be at a disadvantage insofar as
agricultural development is concerned, which circumstances include the following:
(1) There is concentration of farm families on farms either too small or too un-
productive or both; (2) such farm operators because of limited productivity are
unable to make adjustments and investments required to establish profitable
operations; (3) the productive capacity of the existing farm unit does not permit
profitable employment of available labor; (4) because of limited resources, many
of these farm families are not able to make full use of current extension programs
designed for families operating economic units nor are extension facilities adequate
to provide the assistance needed to produce desirable results.

"(b) In order to further the purposes of section 2 in such areas and to encourage
complementary development essential to the welfare of such areas, there are
hereby authorized to be appropriated such sums as the Congress from time to
time shall determine to be necessary for payments to the States, Alaska, Hawaii,
and Puerto Rico on the basis of special needs in such areas as determined by the
Secretary of Agriculture.

"(c) In determining that the area has such special need, the Secretary shall
find that it has a substantial number of disadvantaged farms or farm families for
one or more of the reasons heretofore enumerated. The Secretary shall make
provisions for the assistance to be extended to include one or more of the following:
(1) Intensive on-the-farm educational assistance to the farm family in appraising

and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having under-employed workers; and, (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change.

"(d) No more than 10 per centum of the sums available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State Extension directors as a basis for determining the allocation of funds appropriated pursuant to this section.

"(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 per centum of sums otherwise appropriated pursuant to this Act."

(b) By renumbering section 8 to read section 9.

STATEMENT

The purpose of this bill is to implement in part the recommendations of the Department of Agriculture with respect to the problems of low-income farmers as transmitted to the Congress by the President in his special message of April 27, 1955 (H. Doc. 149). Included in that recommendation was the proposal that the State extension services be given additional appropriations in order to develop in problem areas a more effective program for the assistance of farm people with low incomes.

This general recommendation was later supplemented by an executive communication transmitting to the Congress copy of a proposed bill authorizing such additional appropriations for the Extension Service and recommending its enactment. The bill was given the number S. 2098 in the Senate and was favorably reported and acted upon by that body without amendment.

COMMITTEE AMENDMENT

Following hearings on the bill by this committee, it was the view of the committee that it was in accord with the objective of the legislation and with the program proposed by the Department and outlined by Department witnesses in their testimony, but that the bill as enacted by the Senate was far too broad in its scope and should be rewritten to define more precisely the specific type of program authority required.

The Department of Agriculture was notified of the committee's position and, in compliance with its wishes, promptly drafted an amendment to S. 2098 in the nature of a substitute bill outlining in substantial detail the purposes for which additional funds are to be used.

DEPARTMENTAL VIEWS

The amendment was transmitted to the committee with the following letter indicating not only the approval of the Department of Agriculture but also of the Bureau of the Budget of the proposed substitute. Appended also is the executive communication of May 24, 1955, recommending the original draft of this bill.

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 20, 1955.

MR. JOHN HEIMBURGER,
Counsel, Committee on Agriculture,
House of Representatives, Washington, D. C.

DEAR MR. HEIMBURGER: This is in response to your telephone request for a draft of an amendment to S. 2098, a bill to authorize additional appropriations for extension work in the development of agriculture's human resources. As you requested, the enclosed draft spells out in more detail what the Department plans to do under this program. If the committee believes S. 2098 is not sufficiently specific in its present form, the Department would have no objection to the enactment of this substitute draft in lieu of the original version of the bill.

The Bureau of the Budget advises that there is no objection to the submission of this revised draft of S. 2098.

Sincerely yours,

E. L. PETERSON,
Assistant Secretary.

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., May 24, 1955.

HON. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is transmitted herewith for the consideration of the Congress a draft of proposed legislation. It is proposed that the Smith-Lever Act be amended to make it possible for the Secretary of Agriculture, through the State extension services, to give special aid to farmers in agricultural areas which are at a disadvantage with respect to agricultural development because of special circumstances affecting such areas. The Smith-Lever Act, as amended by the act of June 26, 1953 (Public Law 83, 83d Cong.) would be further amended by this proposal to authorize the appropriation of funds for additional cooperative extension work in such areas. This would be done by inserting a new section 8 containing necessary provisions for this work, and renumbering the present section 8 to section 9. The allocation to the States of funds appropriated pursuant to this proposed new section would be determined by the Secretary of Agriculture on the basis of special needs in the areas described in the new section. This new section would not require that funds appropriated pursuant to it be matched by the States.

The report, Development of Agriculture's Human Resources, which the President has transmitted to the Congress for its study, states that educational programs in low-income farm areas must differ from those in other areas. Special methods and techniques are needed to effectively reach the objectives outlined in the report. In many cases, communitywide interest and effort is needed. Thus, an extension program is proposed which will develop a coordinated program in cooperation with others concerned for the improvement of the opportunities afforded an important part of the Nation's human resources which now are contributing far less than they can to the economic progress of the Nation. The Extension Service, as a result of many years' experience in planning and conducting educational programs in cooperation with local groups and other agencies, is well qualified to assist in the further development of these agricultural areas.

This Department recommends that the proposed legislation be passed.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely yours,

E. T. BENSON, Secretary.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMITH-LEVER ACT, AS AMENDED

* * * * * *

SEC 8. (a) The Congress finds that there exist special circumstances in certain agricultural areas which cause such areas to be at a disadvantage insofar as agricultural development is concerned, which circumstances include the following: (1) There is concentration of farm families on farms either too small or too unproductive or both; (2) such farm operators because of limited productivity are unable to make adjustments and investments required to establish profitable operations; (3) the productive capacity of the existing farm unit does not permit profitable employment of available labor; (4) because of limited resources, many of these farm families are not able to make full use of current extension programs designed for families operating economic units nor are extension facilities adequate to provide the assistance needed to produce desirable results.

(b) In order to further the purposes of section 2 in such areas and to encourage complementary development essential to the welfare of such areas, there are hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture.

(c) In determining that the area has such special need, the Secretary shall find that it has a substantial number of disadvantaged farms or farm families for one or more of the reasons heretofore enumerated. The Secretary shall make provisions for the assistance to be extended to include one or more of the following: (1) Intensive on-the-farm educational assistance to the farm family in appraising and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having under-employed workers; and, (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change.

(d) No more than 10 per centum of the sums available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State Extension directors as a basis for determining the allocation of funds appropriated pursuant to this section.

(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 per centum of sums otherwise appropriated pursuant to this Act.

SEC. [8] 9. The Secretary of Agriculture is authorized to make such rules and regulations as may be necessary for carrying out the provisions of this Act.



84TH CONGRESS
1ST SESSION

S. 2098

[Report No. 1499]

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 27, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend Public Law 83, Eighty-third Congress.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Smith-Lever Act, as amended (7 U. S. C. 344
4 and the following, supp. 1), is further amended as follows:

5 (a) By adding a new section, following section 7, to
6 read as follows:

7 “SEC. 8. In order to further the purposes of section 2
8 in agricultural areas which, because of special circumstances
9 affecting such areas, are at a disadvantage insofar as agri-
10 cultural development is concerned, and to encourage com-
11 plementary development essential to the welfare of such

1 areas, there is hereby authorized to be appropriated such
 2 sums as the Congress from time to time shall determine to
 3 be necessary for payments to the States, Alaska, Hawaii, and
 4 Puerto Rico on the basis of special needs in such areas as
 5 determined by the Secretary of Agriculture.— Sums appro-
 6 priated in pursuance of this section shall be in addition to,
 7 and not in substitution for, appropriations, otherwise avail-
 8 able under this Act.”

9 ~~(b)~~ By renumbering section 8 to read section 9.

10 *That the Smith-Lever Act, as amended (7 U. S. C. 341*
 11 *and the following, supp. 1), is further amended as follows:*

12 *(a) By adding a new section, following section 7, to*
 13 *read as follows:*

14 *“SEC. 8. (a) The Congress finds that there exist special*
 15 *circumstances in certain agricultural areas which cause such*
 16 *areas to be at a disadvantage insofar as agricultural devel-*
 17 *opment is concerned, which circumstances include the follow-*
 18 *ing: (1) There is concentration of farm families on farms*
 19 *either too small or too unproductive or both; (2) such farm*
 20 *operators because of limited productivity are unable to make*
 21 *adjustments and investments required to establish profitable*
 22 *operations; (3) the productive capacity of the existing farm*
 23 *unit does not permit profitable employment of available labor;*
 24 *(4) because of limited resources, many of these farm families*
 25 *are not able to make full use of current extension programs*

1 *designed for families operating economic units nor are exten-*
2 *sion facilities adequate to provide the assistance needed to*
3 *produce desirable results.*

4 “(b) *In order to further the purposes of section 2 in*
5 *such areas and to encourage complementary development*
6 *essential to the welfare of such areas, there are hereby author-*
7 *ized to be appropriated such sums as the Congress from*
8 *time to time shall determine to be necessary for payments to*
9 *the States, Alaska, Hawaii, and Puerto Rico on the basis*
10 *of special needs in such areas as determined by the Secretary*
11 *of Agriculture.*

12 “(c) *In determining that the area has such special need,*
13 *the Secretary shall find that it has a substantial number of*
14 *disadvantaged farms or farm families for one or more of*
15 *the reasons heretofore enumerated. The Secretary shall*
16 *make provisions for the assistance to be extended to include*
17 *one or more of the following: (1) Intensive on-the-farm*
18 *educational assistance to the farm family in appraising and*
19 *resolving its problems; (2) assistance and counseling to local*
20 *groups in appraising resources for capability of improve-*
21 *ment in agriculture or introduction of industry designed to*
22 *supplement farm income; (3) cooperation with other agen-*
23 *cies and groups in furnishing all possible information as to*
24 *existing employment opportunities, particularly to farm fam-*
25 *ilies having underemployed workers; and (4) in cases where*

1 *the farm family, after analysis of its opportunities and exist-*
2 *ing resources, finds it advisable to seek a new farming venture,*
3 *the providing of information, advice, and counsel in con-*
4 *nection with making such change.*

5 “(d) No more than 10 per centum of the sums avail-
6 *able under this section shall be allotted to any one State.*
7 *The Secretary shall use project proposals and plans of work*
8 *submitted by the State Extension directors as a basis for*
9 *determining the allocation of funds appropriated pursuant*
10 *to this section.*

11 “(e) Sums appropriated pursuant to this section shall be
12 *in addition to, and not in substitution for, appropriations*
13 *otherwise available under this Act. The amounts authorized*
14 *to be appropriated pursuant to this section shall not exceed*
15 *a sum in any year equal to 10 per centum of sums other-*
16 *wise appropriated pursuant to this Act.”*

17 (b) *By renumbering section 8 to read section 9.*

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 2098

[Report No. 1499]

AN ACT

To amend Public Law 83, Eighty-third
Congress.

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 27, 1955

Reported with amendments, committed to the Com-
mittee of the Whole House on the State of the
Union, and ordered to be printed

38. INTERGOVERNMENTAL RELATIONS. Sen. Butler inserted a newspaper article favoring Federal collaboration with State and local governments (p. A5627).
39. COOPERATIVES; TAXATION. Rep. Cooper inserted a letter from the Secretary of the Treasury suggesting that the legislation on income taxation of cooperatives be tightened (pp. A5632-3).
40. ELECTRIFICATION. Sen. Bender inserted an address by J. B. Black favoring a Government-private "partnership" in the power development of the West (pp. A5636-8).

BILLS INTRODUCED - July 29

41. CLAIMS; APPROPRIATIONS. S. 2678, by Sen. Smith, N. J., "relating to the payment of certain claims against the Government where the appropriations therefor have lapsed"; to Government Operations Committee (p. 10341). Remarks of author (pp. 10341-2).
42. MARKETING. S. 2634, by Sen. Ellender, "to facilitate the marketing of agricultural commodities"; to Agriculture and Forestry Committee (p. 10341).
43. ACCOUNTING. S. 2677, by Sen. Smith, N. J., "to relieve certain officers of financial liability except in cases of gross negligence or fraud"; to Government Operations Committee (p. 10341). Remarks of author (pp. 10341-2).
44. ROADS. H. R. 7729, by Rep. Dempsey, to authorize road appropriations; to Public Works Committee (p. 10466).
45. LAND TRANSFER. H. R. 7723, to authorize the Secretary of Agriculture to convey certain lands in Phelps County, Mo., to the Chamber of Commerce of Rolla, Mo.; to Agriculture Committee (p. 10466).
46. CONSERVATION. H. J. Res. 415-425, to provide for observance of the 50th anniversary of the founding of the conservation movement for natural resources; to Judiciary Committee (p. 10467).
47. PERSONNEL. H. J. Res. 426, by Rep. Moss, to authorize the President to proclaim as Civil Service Week the week beginning Jan. 17, 1956, in commemoration of the 73rd anniversary of the American civil-service system; to Judiciary Committee (p. 10467).

HOUSE - July 30

48. SOIL CONSERVATION. Passed without amendment S. 1167, to permit ACP payments to persons who carry out conservation practices on federally owned noncropland which directly conserve or benefit nearby or adjoining private lands of such persons (p. 10589). This bill will now be sent to the President.
Passed without amendment H. R. 7236, to permit approval of water conservation practices under ACP in any State instead of "in arid or semiarid sections" (p. 10592).
49. MARKETING. Passed with amendments H. R. 5337, to amend the Perishable Agricultural Commodities Act so as to strengthen the provisions relating to misbranding or misrepresentation of grade and origin of fresh fruits and vegetables, increase the maximum annual license fee from the present \$15 per year to \$25, permit the Secretary of Agriculture to deny issuance of a license to any person convicted of a felony in any State or Federal court, authorize the Secretary to

deny a license to any applicant who has been involved in bankruptcy proceedings within 3 years unless the applicant furnishes a bond or other assurance, empower the Secretary to suspend the license of a person who employs in any responsible position an individual whose license is under suspension, and provide authority for the inspection of any perishable commodity covered by the Act (pp. 10590-1).

Passed as reported S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10607).

The Agriculture Committee reported without amendment H. R. 4054, to provide for loans for development of central market facilities to handle perishable agricultural commodities (H. Rept. 1602)(p. 10677).

50. FARM LOANS. Passed without amendment S. 1758, to amend the Bankhead-Jones Farm Tenant Act relating to the insurance of farm real estate mortgages so the mortgages can be made directly to the Government instead of to the banks (pp. 10593-4). This bill will now be sent to the President.

Passed as reported S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10655).

51. RESEARCH. Passed as reported S. 1759, to consolidate authorization legislation regarding Federal aid to State agricultural experiment stations (pp. 10594-6).

52. COMMODITY EXCHANGES. Passed without amendment S. 1051, to amend the Commodity Exchange Act so as to authorize increases in fees and charges for registrations and renewals and for copies of registration certificates (p. 10601). This bill will now be sent to the President.

53. TRADE DEVELOPMENT. Passed without amendment S. 2253, to reemphasize trade development as the primary purpose of title I of Public Law 480, 83d Congress; to increase the funds available under that title from \$700 million to \$1.5 billion; and to authorize the Secretary of Agriculture to determine the nations with whom agreements will be negotiated, and the quantities and commodities involved (pp. 10601-2). This bill will now be sent to the President.

54. EXTENSION WORK. Passed as reported S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10612-13).

55. DEFENSE PRODUCTION. Passed with amendment S. 2391, to amend and extend the Defense Production Act. Several amendments, to prohibit without compensation employees, were rejected. House and Senate conferees were appointed. (pp. 10620-30, 10774-5).

56. SUGAR. Passed, 194 to 44, with amendments H. R. 7030, to amend and extend the Sugar Act of 1948 (pp. 10630-51). Agreed, 123-37, to an amendment by Rep. Dixon to strike out Sec. 20 of the committee version, which provides that sugar shall be supported at 90% of parity through loans, purchases, or other operations (pp. 10645-51). Agreed to an amendment by Rep. Laird to strike out provisions directed at Peru and the Philippines (pp. 10644-5).

57. SUPPLEMENTAL APPROPRIATION BILL, 1956. Both Houses agreed to the conference report on this bill, H. R. 7278, and acted upon amendments in disagreement (pp. 10554-9, 10733-5). This bill will now be sent to the President. A statement on the USDA items is attached to this Digest.

accordance with the terms of such contract, or (3) the enforcement of any such obligation by refusal to deliver water to lands covered by contractual provisions executed in accordance with said clause (d), except in those cases, if any, in which a sale or transfer consummated between December 27, 1938, and the date of enactment of this act is only discovered after such date of enactment to have been made contrary to such contractual provisions or to said clause (d).

Sec. 2. The Secretary of the Interior is authorized to amend any contract, which has been entered into prior to the date of enactment of this act, to conform with the provisions of the first section of this act. The consent of the United States is hereby given to the recording, at the expense of the party benefited thereby, of any such amended contract and to the simultaneous discharge of record of the original contract. The consent of the United States is likewise given to the discharge of record, at the expense of the party benefited thereby, of any contract which the Secretary of the Interior or his duly authorized agent finds is rendered nugatory by the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar bill, H. R. 5169, was laid on the table.

INDIAN CLAIMS COMMISSION

The Clerk called the bill (H. R. 5566) to terminate the existence of the Indian Claims Commission.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 23 of the Indian Claims Commission Act approved August 13, 1946 (60 Stat. 1049), is hereby amended to read as follows:

"SEC. 23. The existence of the Commission shall terminate at the end of 5 years from and after April 10, 1957, or at such earlier time as the Commission shall have made its final report to the Congress on all claims filed with it. Upon its dissolution the records of the Commission shall be delivered to the Archivist of the United States."

With the following committee amendments:

Page 1, line 4, strike out "(60 Stat. 1049)" and insert "(60 Stat. 1049, 1055; 25 U. S. C., sec. 70v)."

Page 2, line 3, insert:

"Sec. 2. Section 13 of the act approved August 13, 1946 (60 Stat. 1049, 1052; 25 U. S. C., sec. 701), is hereby amended by adding the following new subsection:

"(c) Attorneys appointed pursuant to subsection (b) hereof, may conduct hearings, administer oaths, examine witnesses, receive evidence and report findings of fact and recommendations or conclusions of law in cases assigned to them. Such attorneys shall not, by virtue of such duties, be subject to the Administrative Procedure Act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to terminate the existence of the

Indian Claims Commission, and for other purposes."

A motion to reconsider was laid on the table.

REVISED LAWS OF HAWAII

The Clerk called the bill (H. R. 6463) to ratify and confirm section 4539, Revised Laws of Hawaii 1945, section 1 (b), act 12, Session Laws of Hawaii 1951, and the sales of public lands consummated pursuant to the terms of said statutes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4539, Revised Laws of Hawaii 1945, is hereby ratified and confirmed.

Sec. 2. Section 1 (b), act 12, Session Laws of Hawaii 1951, is hereby ratified and confirmed.

Sec. 3. All sales of public lands to abutting landowners consummated pursuant to the terms of the foregoing statutes are hereby ratified and confirmed and shall be deemed and held to be perfect and valid as of the date of the sales.

Sec. 4. This act shall take effect on and after the date of its approval.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF CERTAIN PATENTS OF GOVERNMENT LANDS

The Clerk called the bill (H. R. 6807) to authorize the amendment of certain patents of Government lands containing restrictions as to use of such lands in the Territory of Hawaii.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioner of Public Lands of the Territory of Hawaii, with the concurrence of the Governor of said Territory, be authorized to amend certain land patents by removing the conditions therein restricting the use of such lands for residence or eleemosynary purposes, so that the lands will be free of any such encumbrances: *Provided, however,* That no such restriction shall be removed in patents conveying an area in excess of one-half acre: *And provided further,* That in the opinion of the commissioner the surrounding area in which such lands are located has sufficiently changed to warrant such action.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMEND ACT OF MAY 19, 1947 (CH. 80, 61 STAT. 102)

The Clerk called the bill (H. R. 6945) to amend the act of May 19, 1947 (ch. 80, 61 Stat. 102), as amended, so as to permit per capita payments to the individual members of the Shoshone Tribe and the Arapahoe Tribe of the Wind

River Reservation in Wyoming, to be made quarterly.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 2087, be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 3 of the act entitled "An act to authorize the segregation and expenditure of trust funds held in joint ownership by the Shoshone and Arapahoe Tribes of the Wind River Reservation," approved May 19, 1947 (ch. 80, 61 Stat. 102), as amended, is hereby amended by striking the words "and the first day of March" wherever it appears therein, and inserting in lieu thereof "the first day of December, the first day of March, and the first day of June". The additional administrative costs of any annual distribution in more than two installments shall be borne by the tribe.

Mr. ASPINALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Mr. ASPINALL moves to strike out all after the enacting clause of S. 2087 and insert the provisions of H. R. 6945 as passed.

The amendment was agreed to.

The bill was ordered read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H. R. 6945, was laid on the table.

RENEWAL AND ADJUSTMENT OF DEEPWATER MAIL CONTRACTS

The Clerk called the bill (H. R. 4569) to provide for renewal of and adjustment of compensation under contracts for carrying mail on water routes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the last two paragraphs of section 3951 of the Revised Statutes, as amended (39 U. S. C. 434), are amended by striking out the word "inland" wherever it appears in such paragraphs.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVERSION OF INDEFINITE APPOINTMENT TO KOREA CONDITIONAL OR CAREER APPOINTMENT

The Clerk called the bill (S. 1849) to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. PELLY. Mr. Speaker, reserving the right to object, may I inquire if the Senate bill would be substantially broadened by any amendment?

Mr. ALEXANDER. That is correct.

(Mr. PELLY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Speaker, I strongly support this legislation to give career status to an estimated 50,000 indefinite Federal employees who have at least 3 years of satisfactory service. I believe I was the first Member of Congress to introduce a bill to correct the unjust situation in which so many loyal and faithful Government employees found themselves through no fault of their own.

I appeared before the House Post Office and Civil Service Committee and urged that the provisions of my bill be substituted for language in another bill which had been passed by the other body. Substantially, this measure represents what I had in mind and recommended.

Therefore, in urging its passage, I likewise commend the committee for recognizing the pressing need of correcting inequities resulting from Executive Order 10577.

Mr. FORD. Mr. Speaker, reserving the right to object, would the author of the bill or someone on the committee explain to the House the purpose of this bill; the necessity for it?

Mr. ALEXANDER. The purpose of the bill is this. Due to Executive Order No. 10577, about 455,000 Federal employees serving under indefinite or temporary appointments were brought under career status and about 80,000 others were left out. According to the testimony of the Civil Service Commission, inequities were caused due to the fact that by written instructions—some of them from the Civil Service Commission—many of these people who were left out had not applied to take a competitive examination. Due to this and certain other causes they were denied eligibility for career status and have continued to serve under temporary or indefinite appointments, although most employees in their category have been granted career status under the Executive order.

In order to correct this and to equalize the effect of the Executive order among all Federal employees, the Commission recommended that, if it were changed, it be broadened in order to take care of all of these employees on a fair basis and eliminate the inequities.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The purpose of this is to rectify a situation brought about unintentionally, with discriminatory results to a number of Federal employees. I hope the bill will pass by unanimous consent. It is on the suspension list for today but if we can pass it by unanimous consent it would be advantageous.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I wholeheartedly concur in the remarks of the gentleman

from North Carolina [Mr. ALEXANDER]. This legislation will take care of certain people who through no fault of their own find themselves in the situation which the gentleman has so ably described.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, each employee (a) who on the effective date of this act is serving under an indefinite appointment in a position in the competitive civil service other than a position whose salary rate is fixed by the act of July 6, 1945 (59 Stat. 435), as amended, and was so serving on January 23, 1955, and (b) who between June 30, 1950, and January 23, 1955, was certified and within reach for consideration for indefinite appointment from a competitive civil-service register appropriate for filling a position in which he served between such dates shall have his indefinite appointment converted as of the effective date of this act to a career conditional appointment, or a career appointment, as determined appropriate under the civil-service regulations applied in conversions under section 201 of Executive Order 10577 of November 22, 1954.

SEC. 2. Each individual who between January 23, 1955, and the effective date of this act was separated from the service without cause and who otherwise would have been eligible for conversion under section 1 of this act shall be eligible for reinstatement within 2 years of the effective date of this act, under career conditional or career appointment in the competitive civil service in a position for which qualified.

SEC. 3. The United States Civil Service Commission is authorized and directed to promulgate regulations for the administration and enforcement of this act.

SEC. 4. This act shall take effect 90 days from the date of enactment.

With the following committee amendment:

Strike all after the enacting clause and insert the language printed in italics in the reported bill.

The committee amendment was agreed to.

Mr. BOLAND. Mr. Speaker, as a member of the objectors' committee on on the Consent Calendar under which S. 1849 comes to the floor of the House, I rise to support this bill and ask the House to pass it today. This is meritorious legislation. It corrects some gross inequities for many Federal employees which occurred through the promulgation of Executive Order 10577. That order established a career and career-conditional system for Government civil service employees. In my opinion, this recommendation of the Civil Service Commission was needed to strengthen civil service and to protect the faithful employee who could not be given permanent status despite 3 years or more of service.

The employees who have suffered due to the inequities established by Executive Order 10577 are those who either passed a qualifying civil-service examination and were not referred for appointment, or did not take a civil-service examination due to the fact that they were discouraged from doing so either by the Civil Service Commission or by the agency concerned. Others failed to take

examinations because such examinations would be of no avail since appointments were restricted to indefinite status and could not be converted to any permanency. The adoption of this legislation would go a long way in correcting these injustices.

Mr. Speaker, I have been particularly concerned with the matter now before us. It was one to which I directed my attention when the Civil Service Commission appeared before the Appropriations Subcommittee on Independent Offices. At that time, I suggested qualifying or noncompetitive examinations for those with 3 years of satisfactory service who were declared ineligible for status because their names were not taken from a civil service roster. This bill meets those suggestions and I congratulate the Post Office and Civil Service Committees of both the House and Senate in recognizing the equity and fairness of this bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "An act to provide for the granting of career-conditional and career appointments to certain qualified employees."

A motion to reconsider was laid on the table.

EXTENSION SERVICE APPROPRIATIONS FOR LOW-INCOME FARMERS' PROGRAM

The Clerk called the bill (S. 2098) to amend Public Law 83, 83d Congress.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, reserving the right to object, will someone who knows answer a question with regard to this bill? I would like to know the approximate cost of it.

Mr. DIXON. The approximate cost is \$925,000 for the year.

Mr. CUNNINGHAM. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations, otherwise available under this act."

(b) By renumbering section 8 to read section 9.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

"(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. (a) The Congress finds that there exist special circumstances in certain agricultural areas which cause such areas to be at a disadvantage insofar as agricultural development is concerned, which circumstances include the following: (1) There is concentration of farm families on farms either too small or too unproductive or both; (2) such farm operators because of limited productivity are unable to make adjustments and investments required to establish profitable operations; (3) the productive capacity of the existing farm unit does not permit profitable employment of available labor; (4) because of limited resources, many of these farm families are not able to make full use of current extension programs designed for families operating economic units nor are extension facilities adequate to provide the assistance needed to produce desirable results.

"(b) In order to further the purposes of section 2 in such areas and to encourage complementary development essential to the welfare of such areas, there are hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture.

"(c) In determining that the area has such special need, the Secretary shall find that it has a substantial number of disadvantaged farms or farm families for one or more of the reasons heretofore enumerated. The Secretary shall make provisions for the assistance to be extended to include one or more of the following: (1) Intensive on-the-farm educational assistance to the farm family in appraising and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having underemployed workers; and (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change.

"(d) No more than 10 percent of the sums available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State extension directors as a basis for determining the allocation of funds appropriated pursuant to this section.

"(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 percent of sums otherwise appropriated pursuant to this act."

"(b) By renumbering section 8 to read section 9."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CUSTODIAL EMPLOYEES IN POST OFFICE BUILDINGS

The Clerk called the bill (S. 2403) to authorize the dual employment of custodial employees in post office buildings operated by the General Services Administration, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General, with the consent of the Administrator of General Services, may appoint custodial employees working under the jurisdiction of the General Services Administration at Federal buildings occupied in any part by the postal service to positions in the postal service to perform postal duties in addition to their regular duties as such custodial employees, without regard to section 2 of the act of July 31, 1894, as amended (U. S. C., title 5, sec. 62).

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TERMINATING THE PROHIBITION AGAINST MONGOLIAN LABOR ON RECLAMATION PROJECTS

The Clerk called the bill (H. R. 1603) to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the Reclamation Act of June 17, 1902 (32 Stat. 389), is hereby amended by inserting a period in lieu of the comma after the word "work" in the proviso of that section and striking out the following language: "and no Mongolian labor shall be employed thereon."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SERVICEMEN'S READJUSTMENT ACT OF 1944

The Clerk called the bill (H. R. 1761) to relieve certain veterans who relied on an erroneous interpretation of the law from liability to repay a portion of the subsistence allowances which they received under the Servicemen's Readjustment Act of 1944.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Reserving the right to object, Mr. Speaker, I simply want to state for the RECORD, and I am not asking anyone to draw any inferences from this statement, that the official objectors have not had an opportunity to study any of the remainder of the bills on the Consent Calendar.

The SPEAKER. This is the last bill that is going to be called today on the Consent Calendar.

Mr. FORD. I have no objection to the procedure, but I wanted to make that statement.

The SPEAKER. The trouble about it is that we do not have the bills here on the desk.

Mr. FORD. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That every individual who, while attending the University of California or Stanford University prior to January 1, 1951, was employed by the Veterans' Administration as a clinical psychologist trainee, and who, in reliance upon interpretations of paragraph 6 of part VIII of Veterans Regulation No. 1 (a) that work performed in excess of 20 hours per week was to be considered as irregular and nonscheduled overtime, did not report to the Veterans' Administration income derived from work performed for the Veterans' Administration in excess of 20 hours per week, is hereby relieved from liability to repay to the United States all sums for which he has been held liable arising out of such work performed for the Veterans' Administration. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for any amount for which liability is relieved by this section.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each of the individuals described in the first section of this act an amount equal to the sum of all amounts which he has repaid to the United States (or which have been withheld by the United States from amounts otherwise payable to him, or for his benefit) by reason of the liability of which he is relieved by the first section of this act: *Provided*, That no part of the amount appropriated in this act for the payment of any one claim in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with such claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ATOMIC ENERGY COMMUNITY ACT OF 1955

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2630) to facilitate the establishment of local self-government at the communities of Oak Ridge, Tenn., and Richland, Wash., and to provide for the disposal of federally owned properties of such communities.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Atomic Energy Community Act of 1955."

CHAPTER 1. DECLARATION, FINDINGS, AND PURPOSE

Sec. 11. Declarations of policy.
Sec. 12. Findings.
Sec. 13. Purpose.

CHAPTER 2. DEFINITIONS

Sec. 21. Definitions.

CHAPTER 3. LOTS, APPRAISALS, AND PRICE

Sec. 31. Lots.

- Sec. 32. Appraisals.
- Sec. 33. Basis of appraisal.
- Sec. 34. Posting.
- Sec. 35. Sales prices.
- Sec. 36. Improvements.

CHAPTER 4. CLASSIFICATION OF PROPERTY AND PRIORITIES

- Sec. 41. Classification of property.
- Sec. 42. Priorities.
- Sec. 43. Transferability.

CHAPTER 5: SALES OF PROPERTY FOR PRIVATE USE

- Sec. 51. Application.
- Sec. 52. Disposal of property.
- Sec. 53. Sales.
- Sec. 54. Cash sales.
- Sec. 55. Form and provisions of instruments.
- Sec. 56. Occupancy by existing tenants.
- Sec. 57. Lots.

CHAPTER 6. FINANCING

- Sec. 61. Contract purchase.
- Sec. 62. Commission financing.
- Sec. 63. Commission indemnity.
- Sec. 64. Community employment and population.
- Sec. 65. Amount of indemnity.
- Sec. 66. Conditions of indemnity.

CHAPTER 7. UTILITIES

- Sec. 71. Authorization to transfer utilities.
- Sec. 72. Date of transfer.
- Sec. 73. Entity receiving transfer.
- Sec. 74. Utilities transferable.
- Sec. 75. Charges for utilities transferred.

CHAPTER 8. MUNICIPALITIES

- Sec. 81. Assistance in organization.
- Sec. 82. Authorization to transfer municipal installations.
- Sec. 83. Date of transfer.
- Sec. 84. Entity receiving transfer.
- Sec. 85. Installations transferable.
- Sec. 86. Charges for municipal installations transferred.

CHAPTER 9. LOCAL ASSISTANCE

- Sec. 91. Basis of assistance to cities and other State and local entities.
- Sec. 92. Commission reductions.
- Sec. 93. Area of service.
- Sec. 94. Commission contracts.

CHAPTER 10. TRANSFER OF FUNCTIONS, AND REVIEW

- Sec. 101. Transfer of functions.
- Sec. 102. Review.
- Sec. 103. Joint Committee on Atomic Energy.

CHAPTER 11. GENERAL PROVISIONS

- Sec. 111. Powers of the Commission.
- Sec. 112. Qualification to purchase.
- Sec. 113. Contract forms.
- Sec. 114. Evidence.
- Sec. 115. Administrative review.
- Sec. 116. Repossession.
- Sec. 117. Net proceeds.
- Sec. 118. Appropriations.
- Sec. 119. Separability of provisions.
- Sec. 201. Amendment to National Housing Act.
- Sec. 202. Amendment to Public Law 874.

CHAPTER 1. DECLARATION, FINDINGS, AND PURPOSE

SEC. 11. Declaration of policy: It is hereby declared to be the policy of the United States of America that Government ownership and management of the communities owned by the Atomic Energy Commission shall be terminated in an expeditious manner which is consistent with and will not impede the accomplishment of the purposes and programs established by the Atomic Energy Act of 1954. To that end, it is desired at each community to—

- a. facilitate the establishment of local self-government;
- b. provide for the orderly transfer to local entities of municipal functions, municipal installations, and utilities; and

c. provide for the orderly sale to private purchasers of property within those communities with a minimum of dislocation.

SEC. 12. Findings: The Congress of the United States hereby makes the following findings concerning the communities owned by the Atomic Energy Commission;

a. The continued morale of project-connected persons is essential to the common defense and security of the United States.

b. In issuing rules and regulations required or permitted under this act for the disposal of the communities and in disposing of the provisions of this act and in accordance with the rules and regulations required or permitted by this act, the Commission is acting under authority delegated to it by the Congress.

c. Funds of the United States may be provided for the disposal of the communities and for assistance in the operation of the communities thereafter under conditions which will provide for the common defense and promote the general welfare.

SEC. 13. Purpose: It is the purpose of this act to effectuate the policies set forth above by providing for:

a. the maintenance of conditions which will not impede the recruitment and retention of personnel essential to the atomic energy program;

b. the obligation of the United States to contribute to the support of municipal functions in a manner commensurate with—

(1) the fiscal problems peculiar to the communities by reason of their construction as national defense installations, and

(2) the municipal and other burdens imposed on the governmental or other entities at the communities by the United States in its operations at or near the communities;

c. the opportunity for the residents of the communities to assume the obligations and privileges of local self-government; and

d. the encouragement of the construction of new homes at the communities.

CHAPTER 2. DEFINITIONS

SEC. 21. Definitions: The intent of Congress in the definitions as given in this section should be construed from the words or phrases used in the definitions. As used in this act—

a. The term "Commission" means the Atomic Energy Commission.

b. The term "community" means that area at—

(1) Oak Ridge, Tenn., designated on a map on file at the principal office of the Commission, entitled "Minimum Geographic Area, Oak Ridge, Tenn.," bearing the legend "Boundary Line, Minimum Geographic Area, Oak Ridge, Tenn.," and marked "Approved, 21 April 1955, K. V. Nichols, General Manager"; or

(2) Richland, Wash., designated on a map on file at the principal office of the Commission, entitled "Minimum Geographic Area, Richland, Wash.," bearing the legend "Boundary Line, Minimum Geographic Area, Richland, Wash.," and marked "Approved, 21 April 1955, K. D. Nichols, General Manager."

c. The term "house" includes the lot on which the house stands.

d. The term "member of a family" means any person who, on the first offering date, resides in the same dwelling unit with one or more of the following relatives (including those having the same relationship through marriage or legal adoption): spouse, father, mother, grandfather, grandmother, brother, sister, son, daughter, uncle, aunt, nephew, niece, or first cousin.

e. The term "mortgage" shall include deeds of trust and such other classes of lien as are given to secure advances on, or the unpaid purchase price of real estate under the laws of the State in which the real estate is located.

f. The term "municipal installation" includes, without limitation, schools, hos-

pitals, police and fire protection systems, sewerage and refuse disposal plants, water supply and distribution installations, streets and roads, libraries, parks, playgrounds and recreational means, municipal government buildings, other properties suitable for municipal or comparable local public service purposes, and any fixtures, equipment, or other property appropriate to the operation, maintenance or repair of the foregoing.

g. The term "occupant" means a person who, on the date on which the property in question is first offered for sale, is entitled to residential occupancy of the Government-owned house in question, or of a family dwelling unit in such house, in accordance with a lease or license agreement with the Commission or its property-management contractor.

h. The term "offering date" means the date the property in question is offered for sale.

i. The term "project area" means that area which on the effective date of this act constitutes the Federal area at Oak Ridge, Tenn., or Hanford, Wash.

j. The term "project-connected person" means any person who, on the first offering date, is regularly employed at the project area in one of the following capacities:

(1) An officer or employee of the Commission or any of its contractors or subcontractors, or of the United States or any agency thereof (including members of the Armed Forces), or of a State or political subdivision or agency thereof;

(2) An officer or employee employed at a school or hospital located in the project area;

(3) A person engaged in or employed in the project area by any professional, commercial, or industrial enterprise occupying premises located in the project area; or

(4) An officer or employee of any church or nonprofit organization occupying premises located in the project area.

k. The term "resident" means any person who, on the date on which the property in question is first offered for sale is either—

(1) an occupant in a residential unit designated for sale at the community, or

(2) a project-connected person who is entitled, in accordance with a lease or similar agreement, to residential occupancy of privately owned rental housing in the community.

l. The term "utility" means any electrical distribution system, any public transportation system, or any public communication system, and any fixtures, equipment, or other property appropriate to the operation, maintenance or repair of the foregoing.

CHAPTER 3. LOTS, APPRAISALS, AND PRICES

SEC. 31. Lots: The Commission is authorized to plat each community immediately upon passage of this act, or immediately upon the inclusion of the community within the provisions of this act. The Commission may establish lot boundaries, and realine, divide, or enlarge existing tracts as it deems appropriate.

SEC. 32. Appraisals: The Commission shall proceed to secure appraisals of all property at the community which is to be sold pursuant to this act. The appraisals shall be made by the Federal Housing Commissioner or his designee. The Commission shall reimburse the Federal Housing Commissioner for the cost of such appraisals. Appraisals made under this section shall be the appraisals on which the Federal Housing Commissioner may insure any mortgage or loan under the National Housing Act until such time as he finds that the appraisal values generally in the community no longer represent the fair market values of the properties.

SEC. 33. Basis of appraisal: Except for lots sold pursuant to the provisions of section 57a., the appraised value shall be the cur-

SENATE

17. FORESTS. Sen. Goldwater spoke in support of S. 55, to authorize the USDA to acquire certain forest lands from the Aztec Land & Cattle Co. He suggested that certain lobbying activities of the National Lumber Manufacturers Association were preventing favorable action on the bill by the House, and inserted several letters from interested parties supporting that contention (pp. 10844-6).
18. RESEARCH. Sen. Smith, N. J., inserted a newspaper article by Dr. A. T. Waterman commenting favorably on efforts by the Government and private industry to expand the educational facilities for students interested in science (pp. 10847-8).
19. BUDGET. Sen. Goldwater inserted a table detailing the budget surpluses and deficits of Congresses from 1946 to 1955 (pp. 10849-51).
20. SUGAR. Sen. Fulbright objected to consideration of H. R. 7030, the sugar bill, upon its second reading because it was believed that the importance of the bill would seem to warrant greater consideration than the closing hours of the session would permit. Sen. Thyne rejoined that the legislation was needed for emergency matters (pp. 10851-2, 10877). Sen. Long served notice that he would ask for a suspension of the rules in the consideration of H. R. 7030, without reference of the bill to the Senate Finance Committee; and Sen. Douglas questioned the propriety of that procedure (pp. 10920-1). Sen. Long submitted an amendment to be proposed by him to H. R. 7030, and it was ordered to be printed (p. 10948).

The Finance Committee ordered favorably reported S. 1635, to amend and extend the Sugar Act of 1948, after striking all after the enacting clause and substituting the language of H. R. 7030, with the following changes: "The formula for future growth to be 55 percent for domestic and 45 percent for foreign; the foreign quota to be divided on basis of 60 percent to Cuba and 40 percent to be divided among full-duty countries proportionately on basis of their sales of sugar in U. S. market during last 4 years; benchmark to be 8,300,000 tons; and a 6-year extension in lieu of 4 years."
21. HOUSING. Received and agreed to the conference report on S. 2126, the housing bill (pp. 10906-11). The conferees agreed to continuation of the present farm-housing program through the fiscal year 1956, with \$112 million available for direct loans, to prevent defaults in payments on loans for potentially adequate farms and for the improvement and repair of farms.
22. FORESTRY CONSERVATION. Sen. Clements inserted the remarks of Sens. George and Magnuson on the practices of conservation by private industry, the U. S. Forest Service, and State agencies. Sen. Magnuson commended the activities of the Rayonier Corporation in the field of conservation and suggested that conservation should be construed to mean adequate and planned utilization of forests and forest products (pp. 10929-31).
23. ECONOMIC DEVELOPMENT. Sen. Watkins inserted two articles prepared by himself citing the achievements of the U. S. economy in the second quarter of 1955 (pp. 10938-41).
24. EXTENSION WORK. Concurred in the House amendment to S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10883-4). This bill will now be sent to the President.

25. EXPERIMENT STATIONS. Concurred in House amendments to S. 1759, to consolidate authorization legislation regarding aid to State agricultural experiment stations (p. 10884). This bill will now be sent to the President.
26. MARKETING. Concurred in House amendments to S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10884). This bill will now be sent to the President.
27. FARM LOANS. Concurred in House amendments to S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10882). This bill will now be sent to the President.
28. PERSONNEL. Received and agreed to the conference report on S. 1041, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States (p. 10913). House and Senate conferees had been appointed earlier in the day (pp. 10877, 11005). The conferees agreed to the House amendments to the bill.

Concurred in House amendments to S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 10882-3). This bill will now be sent to the President.

Concurred in House amendments to S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10882). This bill will now be sent to the President.

Passed with amendment H. R. 7618, to increase the annuity benefits of retired Federal employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10853, 10902, 10912, 10924-6).

Agreed to the conference report on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10899, 10901-5).

S. 2628, the executive pay bill, provides as follows as reported by the committee:

Provides specific salaries for various officials, including: Secretary of Agriculture, Director of Office of Defense Mobilization, and Director of the Budget, \$25,000; 2 Administrative Assistants to the President, and Comptroller General, \$22,500; Administrator of Veterans' Affairs, \$22,000; 3 Administrative Assistants to the President, Under Secretary of Agriculture, Administrator of General Services, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, and Governor of FCA, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and members of Council of Economic Advisers, \$20,500; 7 Administrative Assistants and staff assistants to the President, 3 Assistant Secretaries of Agriculture, Fiscal Assistant Secretary of the Treasury, members (other than chairman) of Civil Service Commission, Deputy Administrator of General Services, Archivist, Administrator of Production and Marketing Administration, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of Budget Bureau (2), Director of National Science Foundation, and General Counsel (or other comparable officer) of a department when required to be appointed by the President, \$20,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Ser-

(1) on the effective date of this act is serving under an indefinite or temporary appointment in a position in the competitive civil service other than a position for which the salary is fixed by the Postal Field Service Compensation Act of 1955 (Public Law 58, 84th Cong.);

(2) on January 23, 1955, was serving in a position in the competitive civil service;

(3) from January 23, 1955, to the effective date of this act, served in a position or positions in the competitive civil service without break in service;

(4) (A) during the period beginning June 3, 1950, and ending January 23, 1955, passed a qualifying examination for a position in the competitive civil service in which he served during such period, or (B) within 1 year after the effective date of this act meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe with respect to the position which he holds at the time he makes the application prescribed by this section; and

(5) has completed, prior to making such application, a total of continuous or intermittent satisfactory service aggregating not less than 3 years on the rolls in a position or positions in the competitive civil service;

shall, upon application by such employee made within 1 year after the effective date of this act to the appropriate department, agency, or establishment concerned, and upon recommendation by such department, agency, or establishment, be converted to a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 2. The appointment in the competitive civil service of each employee who—

(1) (A) was appointed on or after December 20, 1941, to a position in the workhouse at Occoquan in the State of Virginia, the reformatory at Lorton in the State of Virginia, or the Washington asylum and jail, (B) was appointed to a position in the Department of Corrections of the District of Columbia (as constituted on and after June 27, 1946) with a war service indefinite appointment, or (C) was appointed on or after June 27, 1946, and prior to January 1, 1955, to a position in such Department of Corrections, without regard to the civil-service laws, rules, and regulations;

(2) is in a position in the Department of Corrections of the District of Columbia on the effective date of this act;

(3) has completed, prior to making the application prescribed by this section, a total of continuous or intermittent satisfactory service aggregating not less than 3 years in a position or positions in the municipal government of the District of Columbia; and

(4) within 1 year after the effective date of this act meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe with respect to the position which he holds at the time he makes the application prescribed by this section;

shall, upon application by such employee made within 1 year after the effective date of this act to the appropriate department, agency, or establishment concerned, and upon recommendation by such department, agency, or establishment, be converted to a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 3. Each individual who—

(1) was serving in a position in the competitive civil service under an indefinite appointment on January 23, 1955;

(2) between January 23, 1955, and the effective date of this act, was involuntarily separated from the competitive civil service for any reason other than for cause;

(3) (A) during the period beginning June 3, 1950, and ending January 23, 1955, passed a qualifying examination for a position in which he served during such period, or (B) within 1 year after the effective date of this act, meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe; and

(4) has completed, prior to reappointment under this section, a total of continuous or intermittent satisfactory service aggregating not less than 3 years on the rolls in a position or positions in the competitive civil service;

may, during the period ending 2 years after the effective date of this act, be reappointed without competitive examination to a position in the competitive civil service for which he is qualified and such reappointment (except reappointment to a position involving temporary job employment) shall be a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 4. The United States Civil Service Commission is hereby authorized and directed to promulgate such rules and regulations as it determines to be necessary to carry out the provisions of this act.

SEC. 5. Nothing in this act shall affect, or be construed to affect, the application of section 1310 of the Supplemental Appropriation Act, 1952 (Public Law 253, 82d Cong.), as amended.

SEC. 6. This act shall take effect on the 90th day following the date of its enactment.

And to amend the title so as to read: "An act to provide for the granting of career-conditional and career appointments to certain qualified employees."

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate agree to the amendments of the House of Representatives, which will make it possible for a somewhat larger number of Federal employees to obtain career status, than would have been possible under the bill as passed by the Senate. This extension of coverage is justified, and will remove the possibility of certain inequities which might have occurred under the Senate version of the bill.

Senators will remember that this question was discussed in the Senate during the debate on the bill. I have talked with the Senator from Kansas [Mr. CARLSON], and he agrees with this proposal, which I have also discussed with the majority and the minority, who also agree.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina that the Senate concur in the amendments of the House.

The motion was agreed to.

AMENDMENT OF PUBLIC LAW 83, 83D CONGRESS

The PRESIDING OFFICER laid before the Senate the amendment of the House

of Representatives to the bill (S. 2098) to amend Public Law 83, 83d Congress, which was, to strike out all after the enacting clause and insert:

That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. (a) The Congress finds that there exist special circumstances in certain agricultural areas which cause such areas to be at a disadvantage insofar as agricultural development is concerned, which circumstances include the following: (1) There is concentration of farm families on farms either too small or too unproductive, or both; (2) such farm operators because of limited productivity are unable to make adjustments and investments required to establish profitable operations; (3) the productive capacity of the existing farm unit does not permit profitable employment of available labor; (4) because of limited resources, many of these farm families are not able to make full use of current extension programs designed for families operating economic units nor are extension facilities adequate to provide the assistance needed to produce desirable results.

"(b) In order to further the purposes of section 2 in such areas and to encourage complementary development essential to the welfare of such areas, there are hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture.

"(c) In determining that the area has such special need, the Secretary shall find that it has a substantial number of disadvantaged farms or farm families for one or more of the reasons heretofore enumerated. The Secretary shall make provisions for the assistance to be extended to include one or more of the following: (1) Intensive on-the-farm educational assistance to the farm family in appraising and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having underemployed workers; and (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change.

"(d) No more than 10 percent of the sum available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State extension directors as a basis for determining the allocation of funds appropriated pursuant to this section.

"(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 percent of sums otherwise appropriated pursuant to this act."

(b) By renumbering section 8 to read section 9.

Mr. ELLENDER. Mr. President, I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief explanation.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 2098

The House amendment is a complete substitute for the Senate bill and was drafted and approved by the Department of Agriculture. The amendment outlines in substantial detail the purposes for which additional funds for the Extension Service are to be used for the aid of low-income farmers in special areas. The amendment limits the total amount of such additional funds to 10 percent of the funds otherwise appropriated for the Extension Service under the Smith-Lever Act, and also limits the amount going to any one State to 10 percent of the total amount of additional funds.

AMENDMENT OF AGRICULTURAL MARKETING ACT OF 1946

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 12, 1946, which was, on page 1, line 6, strike out all after "sentence:" over through line 14 on page 2, and insert: "Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess, without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agricultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both."

Mr. ELLENDER. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a short statement with reference to the House amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 1757

The House amendment would narrow the effect of several provisions of the bill to which the trade objected on the grounds that they were too broad. The purpose of

the bill is to strengthen the law providing penalties for the forgery of inspection certificates and certain other matters in connection with the inspection of agricultural commodities under the Agricultural Marketing Act of 1946. The House amendments would—

1. Strike the provision of the bill imposing penalties for violations of regulations of the Secretary, on the ground that the other provisions of the bill adequately protect the integrity of the inspection system and furnish a more definite guide to the trade.

2. Limit the provisions of the bill relating to false or deceptive representations to representations that a commodity has been officially graded, when it has not.

3. Provide that acts shall be violations only if done "knowingly," and

4. Limit to "official" certificates memoranda, marks, and other identification the type of material which will be the subject matter of violations.

The Department of Agriculture has no objection to the House amendment.

FUNDS FOR SUPPORT OF AGRICULTURAL EXPERIMENT STATIONS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1759) to consolidate the Hatch Act of 1887 and laws supplementary thereto relating to the appropriation of Federal funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico, which were, on page 5, after line 21, insert:

4. Not less than 20 percent of any sums appropriated pursuant to this subsection for distribution to States shall be used by State agricultural experiment stations for conducting marketing research projects approved by the Department of Agriculture.

And on page 5, line 22, strike out "4" and insert "5."

Mr. ELLENDER. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief explanation of the principal House amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 1759

The only amendment made to the bill by the House is the insertion of a requirement that experiment stations continue to use 20 percent of their available appropriations for marketing research. Under the bill as it passed the Senate, the present requirement of law that 20 percent of each State's allotment be used for marketing research would have applied only up to the level of appropriations for the fiscal year 1955. Appropriations beyond that level would not have been subject to this requirement under the bill as it passed the Senate.

The amendment is satisfactory to the Department of Agriculture and the Association of Land-Grant Colleges and Universities does not object to it.

ACTIVITIES OF THE FOREIGN RELATIONS COMMITTEE

Mr. GEORGE. Mr. President, first of all, I wish to place in the RECORD a state-

ment regarding the activities of the Foreign Relations Committee of the United States Senate, for the 1st session of the 84th Congress.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WALTER F. GEORGE, CHAIRMAN, COMMITTEE ON FOREIGN RELATIONS

As the first session of this 84th Congress draws to a close, I want briefly to comment on the work of the Foreign Relations Committee in the field of United States foreign policy.

During this session we have had one of the heaviest foreign policy schedules that I have ever experienced. It has been a heavy schedule not only from the point of view of the number of items we have considered, but from the point of view of their importance to the security of this Nation.

Within 7 months the Senate has dealt with such matters in the Far East as the Southeast Asian Collective Defense Treaty, the Mutual Defense Treaty with the Republic of China, the Formosan Resolution, and the Mutual Security Act which was largely devoted to strengthening the defenses and the economies of that area.

In connection with strengthening Western Europe, during the same period of time we have approved the protocol restoring sovereignty to the Federal Republic of Germany, approved the protocol inviting the Federal Republic to join NATO, approved the Austrian State Treaty, and helped by the Mutual Security Act to encourage the development of the joint defense of Western Europe.

The United States Senate may well be proud of its role in foreign policy during this period. We have without exception acted on these matters of vital national interest without partisanship. We have, I believe, carried on the tradition that was established during the late war, namely, that there is no room for partisanship in the development and conduct of the foreign policy of our country. If we maintain this course in the years ahead, and I believe we will, we need have no fear for the future of freemen.

I want to pay high tribute to the members of the Committee on Foreign Relations. It is a great committee. Its members have been devoted to their attention to duty, they have unfailingly met their responsibilities to the Senate and to the Nation, and they have sustained the tradition of their great predecessors on that committee. I will not take the time of the Senate to comment individually on the work of each member of the committee. I want to record now, however, my deep appreciation to Senator ALEXANDER WILEY, of Wisconsin, and Senator ALEXANDER SMITH, of New Jersey, the two ranking Republicans on the committee.

I also wish to express my appreciation to the ranking Democratic member, Senator THEODORE FRANCIS GREEN, of Rhode Island, and to all the other members of the committee for the splendid cooperation they have given me throughout the session. We have conducted many hearings. We have held many meetings. Our schedule has called for many weeks of hard work, and I am grateful for the fine contribution which the committee and its staff have made.

In order that there may be readily available a summary of the work of the Committee on Foreign Relations and of the Senate during this session, I should like to insert in the RECORD at this point a brief review of the foreign-policy matters considered since we began our work in January.

TREATIES APPROVED

1. Southeast Asia Collective Defense Treaty (Ex. K, 83-2; Ex. Rept. 1, 84-1): This

Public Law 360 - 84th Congress
Chapter 798 - 1st Session
S. 2098

AN ACT

To amend Public Law 83, Eighty-third Congress.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

Smith-Lever Act
amendments.
38 Stat. 372.
7 USC 341-343,
344-348.
Disadvantaged
farms.

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. (a) The Congress finds that there exists special circumstances in certain agricultural areas which cause such areas to be at a disadvantage insofar as agricultural development is concerned, which circumstances include the following: (1) There is concentration of farm families on farms either too small or too unproductive or both; (2) such farm operators because of limited productivity are unable to make adjustments and investments required to establish profitable operations; (3) the productive capacity of the existing farm unit does not permit profitable employment of available labor; (4) because of limited resources, many of these farm families are not able to make full use of current extension programs designed for families operating economic units nor are extension facilities adequate to provide the assistance needed to produce desirable results.

"(b) In order to further the purposes of section 2 in such areas and to encourage complementary development essential to the welfare of such areas, there are hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Appropriation.

"(c) In determining that the area has such special need, the Secretary shall find that it has a substantial number of disadvantaged farms or farm families for one or more of the reasons heretofore enumerated. The Secretary shall make provisions for the assistance to be extended to include one or more of the following: (1) Intensive on-the-farm educational assistance to the farm family in appraising and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having underemployed workers; and (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change. Assistance.
69 Stat. 683.
69 Stat. 684.

"(d) No more than 10 per centum of the sums available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State Extension directors as a basis for determining the allocation of funds appropriated pursuant to this section. Allocation of funds.

“(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 per centum of sums otherwise appropriated pursuant to this Act.”

(b) By renumbering section 8 to read section 9.

Approved August 11, 1955.

